

# **STRATEGIC PLAN**

## **2006-2010**

**June, 2006**



**EASTERN ARC MOUNTAINS CONSERVATION ENDOWMENT FUND**

**(EAMCEF)**

**MFUKO WA HIFADHI YA MILIMA YA TAO LA MASHARIKI**

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## **2006-2010**

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**June, 2006**

## **FOREWORD.**

Stretching from Southern Kenya to Southern Tanzania, the Eastern Arc Mountains are among the most important areas for conservation of biological diversity in the World. The conservation of these mountains is being supported by the Eastern Arc Mountains Conservation Endowment Fund (EAMCEF) in collaboration with the Government of Tanzania and various development partners including the World Bank and the Global Environment Facility (GEF) through the United Nations Development Programme (UNDP). EAMCEF is a Trust Fund that has been established as a permanent funding mechanism to assist the Government of Tanzania with its conservation efforts.

In its endeavors to develop strategic thinking and to make sure that resources are allocated in the most efficient manner, EAMCEF has developed this Strategic Plan document that will be used to guide the implementation process of its policy objectives over the next five years, 2006-2010. The Strategic Plan establishes five major goals namely,

1. Priority areas of high biodiversity in the Eastern Arc Mountains are managed effectively and adequately conserved
2. Increase available financial resources through effective management of its endowment, diversification of funding sources, and development of innovative financing mechanisms.
3. Foster and promote sustainable development projects and programs, creating strong linkages between conservation, sustainable resource management and improved livelihoods.
4. Increase knowledge and understanding of the global and national importance of the Eastern Arc Mountains.
5. EAMCEF builds and maintains the administrative and technical capacity to manage programs, provide technical assistance and run an efficient organization.

To address the above goals, 14 Strategic Objectives and 44 Strategies have been developed for implementation that will be monitored and evaluated using the Key Performance Indicators assigned to each. At the end the document identifies two actions for immediate launching of the Strategic Plan. Whereas Appendix 1 provides an analysis of the Strategic Driver, Appendix 2 gives out some highlight on Strengths and Weaknesses, Opportunities and Threats that EAMCEF needs to take thorough cognizance.

It is our sincere hope that this Strategic Plan will help to rightly and sufficiently guide the development process of the Eastern Arc Mountains Conservation Endowment Fund during the coming five years.

**Francis B.N. Sabuni,  
EXECUTIVE DIRECTOR.**

**June, 2006.**

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## LIST OF ACRONYMS

BOT	-	Board of Trustees
CDM	-	Clean Development Mechanism
CEPF	-	Critical Ecosystem Partnership Fund
CMEAMF	-	Conservation and Management of the Eastern Arc Mountains Forest Project
EAMCEF	-	Eastern Arc Mountains Conservation Endowment Fund
FBD	-	Forestry and Beekeeping Division, Ministry of Natural Resources and Tourism
GCF	-	Global Conservation Fund
GEF	-	Global Environment Facility
GoT	-	Government of Tanzania
HIPC	-	Highly Indebted Poor Countries
IIED	-	International Institute for Environment and Development
IUCN	-	International Union for the Conservation of Nature
MOU	-	Memorandum of Understanding
NSGRP (MKUKUTA)-	-	National Strategy for Growth and Reduction of Poverty
NGO	-	Non-Governmental Organization
PFM	-	Participatory Forest Management
UDSM	-	University of Dar-es-Salaam
WCS	-	Wildlife Conservation Society
WWF	-	World Wide Fund for Nature; World Wildlife Fund

# **Eastern Arc Mountains Conservation Endowment Fund**

## **Strategic Plan 2006 - 2010**

### **I. SUMMARY**

Over the past three years, EAMCEF has moved from conceptual design to a fully staffed and functioning conservation funding organization. The Board and Secretariat have recruited strong and capable staff and put in place systems to manage funds effectively and provide targeted financing to conservation priorities in the Eastern Arc Mountains. With the final pieces in place, EAMCEF is now poised to become fully operational, providing initial grants and establishing itself as an effective conservation financing organization in the Eastern Arc Mountains. In moving forward, EAMCEF plans to demonstrate to its donors, government, and fund recipients its commitment to professional and cost-effective service delivery.

EAMCEF will enjoy success through plans to link its efforts with local priorities and to partner with local institutions throughout the Eastern Arc Mountains area. It will also strive to develop strong implementation partnerships so that it maximizes the impacts of the financial resources at its disposal. In this way, EAMCEF will ensure that the bulk of its funds go directly to support project implementation in and around targeted forest reserves in priority mountains blocks. In its first five years, and barring the receipt of new and significant funding sources, EAMCEF will focus its efforts on two mountain blocks in the Eastern Arc Mountains chain: the East Usambara and the Udzungwa. Finally it will seek to find innovative solutions that deliver both conservation and sustainable livelihood benefits. By focusing on a long-term time horizon and building its capital base, EAMCEF can experiment and innovate, and take greater risks. The results will be positive for conservation, for community livelihoods, and for the long-term institutional strength of the organization.

This strategic plan covers the period 2006-2010 and identifies a variety of activities and actions that EAMCEF will pursue to strengthen the institution and positively contribute to conservation of the Eastern Arc Mountains. The Board and Secretariat should review this plan annually to monitor progress and adjust its strategies and objectives according to changing conditions and new opportunities. In that way, EAMCEF will be better placed to meet its conservation and sustainable development goals.

## **Actions**

1. Recruit and finalize selection of asset manager to allow investment of GEF funds (\$7million) in early 2006;
2. Initiate follow-up contact with the Global Conservation Fund to propose a contribution to the capital fund – Derema corridor management needs, and East Usambara biodiversity conservation, support the argument for GCF funding;
3. Begin meeting donors in Tanzania to explore funding options for EAMCEF’s grant programs in the Eastern Arc Mountains. Types of funding may include contributions to the endowment, provision of sinking funds, etc. Donors include bilateral and multi-lateral organizations operating in the country and may include Government, which has funds to support poverty alleviation initiatives.
4. As part of its medium-term strategy, EAMCEF shall begin to explore revenue generating options related to ecosystem service payments, and other enterprise options that can generate money both for EAMCEF and its various initiatives.
5. Meet with GoT representatives to explore how poverty alleviation funds might be channeled through EAMCEF and how in future agreements, conservation issues and natural resources management programs linked to poverty reduction become eligible for HIPC funding.

## **II. INTRODUCTION**

The Eastern Arc Mountains Conservation Endowment Fund (EAMCEF) was developed as part of a strategy to provide long-term reliable financial support for sustainable community development and conservation initiatives in the Eastern Arc Mountains of Tanzania. The mountains are recognized globally as part of one of the 34 biodiversity hotspots characterized by high concentrations of endemic species currently under great threat.

EAMCEF is the first Conservation Trust Fund established in Tanzania and is the first non-governmental, permanent funding organization in the Eastern Arc Mountains. EAMCEF was officially registered in Tanzania on 6<sup>th</sup> June 2001 under the Trustees’ Incorporation Ordinance No. 375 of 1956. Governed by an independent Board of Trustees, EAMCEF operates as a Not-for-Profit, Non-Governmental Organization (NGO) with its day-to-day operations run by the Endowment Fund Secretariat based in the Eastern Arc Mountains in the municipality of Morogoro – Tanzania. The Executive Director heads the Endowment Fund Secretariat and serves as the Chief Executive of the Endowment Fund. Currently the Secretariat includes a relatively small staff of ten members, including two field staff who began work in January 2006. The two field officers work in EAMCEF’s target sites and provide direct technical and project design support in their designated areas of operation.

Through a joint funding venture between the Global Environment Facility via the World Bank and the Government of Tanzania, the Fund was launched in 2001 with \$9 million in funding commitments, of which a \$7 million Global Environment Facility (GEF) contribution supports the establishment of the endowment, while the remaining government share supports operational and programmatic costs during the initial five years (2002-2007) of the Fund’s operations. The GEF contribution is expected by early 2006 when EAMCEF meets the last GEF-established benchmarks, while the \$2 million GoT contribution has been supporting EAMCEF operations since 2002.

By investing wisely and by raising new endowment and programmatic funds, EAMCEF expects to increase its annual budget from \$400,000, under current programming, to around \$600,000 by the end of this strategic plan and to between \$700,000 and \$1 million over the next 10 to 15 years. Expected growth will allow the Fund to expand its investments in priority conservation initiatives from its current two mountain blocks, to other significant areas in the Eastern Arc Mountains archipelago.

## **Operational Context**

The creation of the EAMCEF grew out of concerns about the future of the forests of the Eastern Arc Mountains. These concerns were voiced at a 1997 Eastern Arc Mountains Conference where delegates discussed various strategies required to ensure conservation of the Eastern Arc Mountain forests. The conference led to the development and funding of a project submitted to the Global Environment Facility through two executing agencies – UNDP and the World Bank. The long-term objective of GEF support is to conserve the biodiversity of the Eastern Arc Mountain forests, which contain globally significant biodiversity, at a level beyond what could be expected based on the prevailing management objectives of watershed catchment protection.

EAMCEF operates in an environment where government resources are limited, creating challenges for forest managers to provide adequate management and protection. Other than salaries, forest managers have very few resources available on a sustainable basis to invest in ensuring effective management and conservation initiatives.



**Mining in the Amani Nature Reserve**

In addition, the Eastern Arc Mountains area faces serious economic constraints due to poverty. The National Strategy For Growth and Reduction of Poverty outlines a series of economic constraints affecting communities, many of which pertain to communities located in the Eastern Arc Mountains. These constraints include: low productivity of land, labour and production inputs; limited capital and access to financial services; inadequate agricultural technical support services; poor rural infrastructure (hindering effective rural-urban linkages); and erosion of the natural resource base and environmental degradation. Income potential suffers from the stresses that result from gradual degradation of forests, soils and other natural resources. This degradation affects health and contributes to peoples' loss of confidence in their future well-being.

Consequently government strategy puts an emphasis on sustainable use of the country's natural resources while avoiding harmful effects on the environment and on people's livelihoods. Much of the responsibility for developing programs that ensure a level of sustainable development that addresses poverty needs while protecting resources falls under districts as part of the decentralization process.





### **Illegal Timber Harvesting in the East Usambara Mountains**

Developing local approaches makes sense but many districts lack both the financial resources to invest in such programs and the technical expertise to design and implement programs effectively. Districts will benefit from collaboration with both public and private institutions that can support sustainable development planning and program implementation.

With its sustainable development mandate, EAMCEF will play an important role in providing financial and technical support for both forest management and protection and sustainable development.

Moreover, EAMCEF has the ability to provide training and information to districts and forest managers to develop new and innovative implementation approaches and explore sustainable financing mechanisms. Its role can be significant in its target districts. As a permanent institution in the region, it has the ability to play a long-term catalytic and supportive role, and can be influential in policy creation and priority setting. The scale of the impact will depend on the financial and technical resources that it can acquire and direct toward meeting priority and sustainable development goals in each of the districts identified as priorities for investment.

### **III. DESCRIPTION OF STRATEGIC PLANNING PROCESS**

The strategic planning process was carried out by EAMCEF with support from WCS in September 2005. The process began with preliminary work to develop a fundraising strategy for the organization, discussions in Washington, DC with current and potential donors, and finally meeting and visits with various stakeholders in Tanzania. Specifically the process involved:

- Meetings and discussions with members of the EAMCEF Board, including a one day workshop in late September to review the general strategic planning concepts.
- Meetings and interviews with district leaders in both Kilolo and Muheza Districts in the Udzungwa and East Usambara Mountain blocks, respectively.
- Discussions and field visits with Catchment Forest Officers in Kilolo and Muheza Districts
- Meetings with technical advisors of the Participatory Forest Management (PFM) and the Conservation and Management of the Eastern Arc Mountain Forests (CMEAMF) Projects.
- Extensive discussion and analysis with EAMCEF staff at the EAMCEF offices and during field visits.

In addition, the planning process benefited from discussions with international and regional colleagues at a Forest Trends sponsored meeting in Uganda addressing payments for ecosystem services in eastern and southern Africa. Development of payments for water services and for carbon sequestration are considered as feasible options to generate revenue for forest management and conservation in the Eastern Arc Mountains and the meeting provided guidance on how such funding might occur in the area. Ecosystem service payment options will be pursued as part of the EAMCEF strategy to increase and diversify sources of financing for the conservation and management of forests in the Eastern Arc Mountains.

EAMCEF is a new organization and will become active in the field starting in 2006 with the provision of its first grants. Since inception, EAMCEF has focused on building the institution, putting in place the systems required to ensure its successful operations. EAMCEF now has a full complement of competent staff and has developed the management systems required to meet its objectives. With this strategic plan, EAMCEF becomes operational as a permanent institution with a long-term commitment to the conservation of the area's biodiversity and to the welfare of communities throughout the Eastern Arc Mountains.

#### **IV. VISION, MISSION AND KEYS TO SUCCESS**

##### ***Vision:***

A Conservation Fund sufficiently endowed to provide the financial resources necessary to ensure effective, long-term conservation and management of forest biodiversity in the Eastern Arc Mountains of Tanzania.

##### ***Mission:***

Catalyze resources to foster conservation of forest biodiversity in the Eastern Arc Mountains of Tanzania through investment in sustainable community development, sustained financing for protected areas management and financial support to applied research.

##### ***Keys to Success:***

EAMCEF expects to establish itself as one of the prime contributors to conservation in the Eastern Arc Mountains and become a dynamic and globally recognized conservation funding organization. EAMCEF is the only long-term conservation financing institution in the Eastern Arc Mountains and it has both the flexibility and financial capacity to innovate. Success will be achieved by gaining support for its programs throughout the Eastern Arc Mountains area and building a reputation for sound fiscal management that will gain trust and backing from prospective donors and stakeholders. It is critical that EAMCEF establishes its reputation as a well-managed institution, while demonstrating that its funding has delivered positive conservation results. Achieving this is an institutional priority.

Developing its reputation as a fiscally sound and professionally run organization will allow EAMCEF to attract additional resources which is key to meeting its overall objectives. Increasing income and identifying new sources of revenue are fundamental ingredients of the long-term success of EAMCEF. With an initial endowment of \$7 million, EAMCEF does not have the ability to address conservation challenges throughout the entire Eastern Arc and must focus its resources on a limited number of priority forest reserves and their adjacent communities.

#### *Keys to Success*

1. Gaining a reputation for professionalism and sound fiscal management;
2. Ensuring a dynamic, flexible and innovative organization;
3. Building strong, global, national, and regional partnerships;
4. Growing its financial resources;
5. Ensuring positive conservation outcomes through long-term planning and financial commitments;
6. Developing effective, community-based sustainable development and sustainable financing models.

Successful attainment of the Mission depends on the ability of EAMCEF to respond effectively and creatively to the conservation and sustainable development needs of the Eastern Arc Mountains. With a sustainable source of income available annually, EAMCEF can experiment and innovate where short-term projects cannot. EAMCEF can adopt a long-term planning horizon and take on multi-year conservation commitments. This means that EAMCEF can be a leader in developing innovative conservation solutions for the challenges facing forests in the Eastern Arc Mountains.

In developing its programs and investments in the area, EAMCEF will work to ensure that its projects are sustainable and provide conservation outcomes. By funding feasibility studies, carrying out market analyses, and building effective partnerships with established institutions in Tanzania and abroad, EAMCEF will lay a foundation for the sustainability of the projects it funds. Moreover by creating an effective monitoring system for all its investments, EAMCEF will be able to determine its overall contribution to its conservation mission, while gaining better understanding of the success of specific interventions. Building on these lessons learned will greatly enhance the success of EAMCEF over time.

## **V. GOALS AND OBJECTIVES**

For this five-year period the plan establishes four strategic goals that will ensure that EAMCEF addresses the immediate conservation and sustainable development needs of the Eastern Arc Mountains, while building the institution to ensure that it can make effective long-term investments and provide the needed guidance and support required to meet future conservation challenges. To accomplish its conservation objectives, EAMCEF must increase and diversify its financial resources, while building its technical expertise and managerial capability. Moreover, it must be adaptive, responding to new opportunities, while exploring innovative approaches to financing conservation in the Eastern Arc Mountains. Activities will be identified and prioritized during implementation in an effort to meet the established objectives.

During the initial period of this strategic plan, EAMCEF will establish a spending goal of \$400,000 per year, achieved through use of existing funds and by establishment of a spending rule to yield this amount once it starts operating from income earned on investment. Increases in the floor amount of the

annual \$400,000 will come from additions to the endowment and from other financing opportunities outlined in this strategic plan.

**Goal 1. Priority areas of high biodiversity in the Eastern Arc Mountains are managed effectively and adequately conserved**

***Goal 1: Rationale and Strategic Impact***

Formed 100 million years ago, the Eastern Arc Mountain forests represent one of the oldest and most stable terrestrial ecosystems on the continent. Their age, geological origin, and proximity to the Indian Ocean are features, which separate them from other highland areas in East Africa. These same features have also contributed to their very diverse and unique biota, which is quite distinct from the adjacent savannah and woodland habitats in East Africa.

Currently, the total area of natural forest in the Tanzanian Eastern Arc Mountains is approximately 3,500 km<sup>2</sup>, an estimated third or less of what it was a century ago. The Udzungwa Mountains contain the greatest area of natural forest followed by the Nguru, Uluguru, Rubeho, and East Usambara Mountains. Nearly three-quarters of the remaining natural forest in the Eastern Arc is open (and sometimes degraded) forest – forest in which the canopy is not contiguous. The total area of closed forest – forest in which the canopy is generally intact and contiguous – in the Eastern Arc is slightly more than 1,451 km<sup>2</sup> or approximately 0.2 percent of the area of Tanzania. The Udzungwa and East and West Usambara Mountains contain the greatest areas of closed forest.

Working in the Eastern Arc Mountains poses logistical challenges. The Eastern Arc Mountains stretch from southeast Kenya through south central Tanzania and cover 14 districts in Tanzania. EAMCEF developed its program to focus on areas of high biodiversity and to direct resources to forest areas in the Eastern Arc that receive little financial attention.

Experts estimate that addressing forest management issues alone throughout the entire Eastern Arc would require annual expenditures of at least \$1.5 million. If we assume an average 5% return on investment, EAMCEF would need an endowment of \$30 million to address forest management issues alone. Adding support for research and community investments would raise the amount required to at least \$3 million per year, but even that sum is conservative given the investment needs. Meeting the significant conservation and sustainable development investment needs in the Eastern Arc Mountains through an endowment's investment income alone, is highly unlikely.

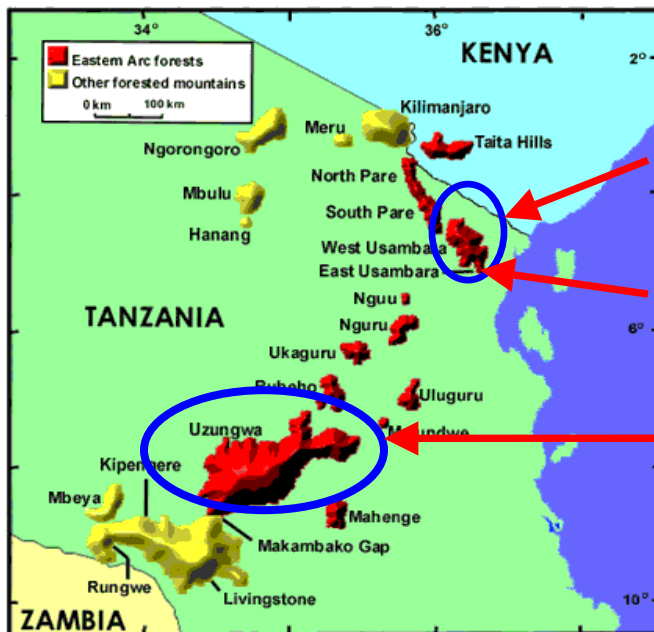
These fiscal realities mean that over the medium term, EAMCEF will need to maintain a geographically focused strategy that ensures the effectiveness and impacts of its investments, while seeking new resources that allow expansion toward meeting broader Eastern Arc conservation and sustainable development goals.

Therefore, EAMCEF selected the East Usambara (Amani Nature Reserve, Nilo Forest Reserve, and probably the Derema corridor) and Udzungwa Mountain Blocks (Uzungwa Scarp and Iyondo Forest Reserves) to initiate its activities. Except for the case of Amani, these forest reserves earn little revenue and receive limited government support (other than salaries of forest personnel). As a consequence, they face serious management constraints and conservation challenges that EAMCEF support can mitigate. Figure 1 depicts the location of the current priority sites.

EAMCEF expects to maintain the two mountain blocks focus until such time that it successfully generates additional financial resources that will permit expansion. Any initial expansion would occur within the chosen mountain blocks through support to additional forest reserves, at least for the next five to seven years. The decision to “adopt” a different mountain block would depend directly on the type and amount of funding obtained and the ability of EAMCEF to provide the necessary technical and managerial support to ensure success. Increasing financial resources over the next five to ten years, both for the endowment and via sinking funds, represents a very high priority for EAMCEF and is a prerequisite for increasing its coverage across the Eastern Arc Mountains area.

EAMCEF will operate as a grant funding organization, providing support for conservation, sustainable community development and applied research. Approximately 50% of all EAMCEF grant resources will finance community-level initiatives, including community management, social infrastructure, and income generating activities. EAMCEF has already developed grant guidelines and the Board of Trustees has approved them. The guidelines allow the Secretariat to approve all projects whose funding requirement is not more than \$2,500. All other projects require Board approval after submission and review to the EAMCEF Secretariat and to external reviewers.

**Figure 1. Location of Priority Mountain Blocks for the Eastern Arc Mountains Conservation Endowment Fund**



**East Usambara Mountains**  
(Amani Nature Reserve and Nilo)

**Derema Corridor in East Usambara**  
may be a golden opportunity for  
EAMCEF program expansion

**Udzungwa Mountains** (Uzungwa Scarp  
and Iyondo Forest Reserves)

In developing projects to finance, EAMCEF will provide any required technical assistance to ensure that its projects are of high quality. This will include undertaking training programs to assist community organizations in the preparation and implementation of projects. In developing its training programs, EAMCEF will seek competent training institutions that it can contract to conduct training programs on project design and implementation. Moreover, EAMCEF will utilize its core staff and resources, as

needed, to support planning, feasibility assessments, and provision of technical assistance to ensure project quality. EAMCEF will consider cost and efficiency issues when deciding how best to deliver training and technical assistance, outsourcing as appropriate and providing in-house support when conditions warrant.

Projects eligible for grant funding will be identified and developed using several approaches that may include:

- Specific projects or interventions identified by EAMCEF as priorities and developed in collaboration with partners and stakeholders. Conservation initiatives in targeted forest blocks are the primary projects that will be developed as part of joint-collaboration between EAMCEF and both district forest officers and regional and district catchment forest managers.
- Projects identified through an annual call for proposals and which are more competitive in nature. EAMCEF will issue at least one call for proposals per year. A second call will occur depending on the response to the first call and the amount of money committed during the first round.
- Requests for specific proposals aimed at achieving a desired outcome. In such cases, EAMCEF will identify the goals and objectives of a specific project and request proposals from stakeholder organizations to deliver the desired results.

### **Other financial approaches**

While operating primarily as a grant-making organization, EAMCEF may also explore other funding mechanisms to support its conservation objectives. An array of financial instruments are available to EAMCEF, even though current annual outlays are likely to be modest until EAMCEF grows its capital or receives a large multi-year support. In developing its program EAMCEF will explore the use of:

- *Partnership funding:* Developing larger-scale initiatives with a variety of partners wherein EAMCEF is one of the contributors. In this case, EAMCEF makes a long-term commitment of funds as part of group funding, allowing each of the organizations to leverage their funds to achieve broader goals.
- *Equity financing.* In some cases EAMCEF may decide to provide funding for community business ventures, operating as one of the investors rather than a grantor.
- *Land acquisition:* In some cases, EAMCEF may decide to acquire land, either through purchase or lease, in strategic locations to aid in the conservation of areas of high biodiversity. The leasing and purchasing of land could be undertaken in collaboration with local communities to support both broad conservation and income generating objectives.

As part of its strategic approach, EAMCEF will explore the most effective use of its program funds to ensure realization of its objectives. EAMCEF will not necessarily always play the role of a traditional grant making organization, but will be proactive in developing new initiatives and programs.

## *Assuring Success of EAMCEF investments*

Measurement of success will be key to efforts by EAMCEF to demonstrate its effectiveness and justify its requests from donors and government for funds. In developing new programs and activities EAMCEF will undertake the following:

- Establish a baseline to better understand the state of conservation in targeted forest reserves;
- Collect baseline resource use and other relevant socio-economic data in communities that will be eligible for funding by EAMCEF; and
- Establish the mechanisms necessary to ensure appropriate data collection and data analysis to assess program impacts.

During the 2006-2008 period, EAMCEF expects to receive some baseline information collected by the CMEAMF project. Requests for assistance to collect additional baseline information can also be made to other relevant partners to address specific gaps in the information needed to assess the impact of conservation actions. Ideally, the baseline information should be collected immediately before the allocation of funding for forest reserve management in the East Usambaras and Udzungwas. In that way EAMCEF can begin to track the impact of the support it provides to specific forest reserves and determine workable approaches.

EAMCEF will utilize a variety of ways to develop its capacity for performance measurement and impact monitoring over the next three years. Possibilities for sending staff on relevant short courses and seeking support from relevant partners such as CMEAMF project will carefully be employed in building the required capacity. Part of this training will be in the development of appropriate indicators and a system for collecting the data against which to measure progress and provide EAMCEF with a way to determine the effectiveness of its funding over time. EAMCEF will need to utilize the data and the measures of performance to inform future programming and funding decisions as well as justify donor support or other investments in its programs.

### *Goal 1: Objectives*

#### **1. Promote the protection of biological diversity in the Eastern Arc Mountains, targeting priority areas of significant diversity**

##### *Strategies*

- 1.1 Focus on two target areas of high biodiversity so that program goals are consistent with available funding.
- 1.2 Provide direct financing for forest protection, including the financing of both government and community management efforts

##### *Key Performance Indicators*

- 1.1 Management infrastructure created in two target areas to develop projects and provide technical assistance
- 1.2 Projects developed and financed each year that directly contribute to the conservation of biodiversity in targeted mountain blocks

##### *Assumptions*

- 1.1 EAMCEF has the capacity to identify projects of sufficient quality to deliver the desired conservation benefits.
- 1.2 EAMCEF can generate sufficient funds to conservation within chosen mountain blocks

**2. Provide grant and other financial support for priority programs, which promote the conservation of biological diversity and sustainable use of natural resources in the Eastern Arc Mountains**

*Strategies*

- 2.1 Ensure adequate resources available for long-term conservation investments in target areas through endowment fund management and diversification of funding sources
- 2.2 Work with communities to identify sustainable use and management programs that lead to both conservation and improved incomes
- 2.3 Operate an effective and efficient grant program
- 2.4 Use a portion of funds for non-grant funding that can benefit conservation, including land acquisition and/or other investments

*Key Performance Indicators*

- 2.1 Sufficient funding available to meet basic management needs for each of the target forest reserves
- 2.2 At least 80% of grants satisfy programmatic and financial requirements
- 2.3 At least four forest reserves operating under long-term financing plans that promote greatest efficiency.
- 2.4 At least one example of non-traditional use of funds (i.e. investments).

*Assumptions*

- 1.1 EAMCEF generates sufficient resources from its investments and other income to meet the conservation needs of priority forest patches as well as cover its operational costs.

**3. Understand impacts of EAMCEF investments on biodiversity conservation and sustainable development in the Eastern Arc Mountains**

*Strategies*

- 3.1 Collaborate with government agencies, donors, and private organizations to develop the required baseline information to determine the conservation benefits of EAMCEF investments in the target areas.
- 3.2 Build systems for monitoring project impacts and include as a component of all funded projects.
- 3.3 Build capacity for performance measuring and monitoring of impacts through short courses and support from relevant partners.



### *Key Performance Indicators*

- 3.1 Indicators and monitoring plans in place, measurement systems established and data collected to determine project contribution to the conservation of biodiversity
- 3.2 Results of monitoring information reported and updated regularly

### *Assumptions*

- 3.1 Sufficient, good quality data can be obtained to develop appropriate monitoring systems
- 3.2 Expertise acquired to help EAMCEF develop and launch the monitoring system

<p><b>Goal 2. Increase available financial resources through effective management of its endowment, diversification of funding sources, and development of innovative financing mechanisms.</b></p>
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### ***Goal 2: Rationale and Strategic Impact***

#### **Growing the Capital**

Starting with a \$7 million capital investment in early 2006, EAMCEF expects to invest funds overseas and achieve a net return before inflation of 6%. Owing to funds provided via the Government of Tanzania, EAMCEF has its operating and grant expenses covered through at least 2007, and possibly through 2008. As EAMCEF has no need to spend any income from its investments during this time period, all income earned can be reinvested to increase its capital. Assuming an average 6% return during the period 2006 through 2008, the endowment capital would increase to at least \$8.3 million and depending on returns, could be higher. This sum will help generate the estimated \$400,000 per year that EAMCEF sees as a minimum amount necessary to cover its operational costs and finance its funding program. EAMCEF hopes for high returns during the 2006-2008 period so that the capital base exceeds \$8.5 million by the end of 2008. This will ensure that more money is available for investments in and around priority forest reserves once EAMCEF begins to rely on income earned from its investments to cover most of the project financing.

This strategy to increase capital through reinvestment of assets forms a core element of EAMCEF's fundraising strategy. The asset investment strategy comprises two mechanisms: a) establishment of spending rule guidelines, and b) substitution of its internally generated resources for those provided by donors. The Board's spending policy limits the annual cash draw down to 5% of total assets. EAMCEF will invest any net earnings exceeding 5% back into the capital fund to continually increase its assets during periods of high return.

In attempting to reinvest internally generated funds to the maximum extent feasible EAMCEF will seek support from donors and develop other sources of revenue to directly support its existing program portfolio. Any funds acquired by EAMCEF for program implementation and operational support will reduce the amount of self-generated income that must be employed. Funds not required to finance the annual program will be reinvested in a continuing effort to increase the capital account and meet established capital accumulation goals. This approach represents the policy of the Board of Trustees, as stated in the approved Fundraising Strategy Framework (June 2005) and Preliminary Investment Policy Framework (September 2005).

EAMCEF's priority over the next five years is to increase its endowment. Building the endowment is a high priority since it is the only way to guarantee a cash flow that can be invested each year in activities that guarantee the conservation of important biodiversity sites. Potential opportunities for increasing the endowment are provided in order of priority:

#### **Global Conservation Fund (GCF)**

EAMCEF will enter into discussions with the Global Conservation Fund in Washington, D.C. (USA) to explore a GCF contribution to the endowment. Current GCF rules allow matching of funds on a 1:2 basis when the fund source is public. This affects EAMCEF since its \$7 million endowment comes from GEF and its other operational grants from the Government of Tanzania - both public sources. This means that EAMCEF is potentially eligible for up to a \$4.5 million contribution if the \$2 million contribution from Government is taken into account. The funding would increase the EAMCEF endowment to between \$10.5 and \$11.5 million, a sum very close to its short to medium term objectives.

Collaboration with GCF fits well with EAMCEF's plans. Recently the Government of Tanzania, with support from a variety of donors, initiated the compensation of farmers who agreed to abandon farms in the 'Derema corridor' – a critical forest areas that links important forest reserves in the East Usambaras. GCF was one of those donors, providing \$ 350,000 to support the process.

Creation of the Derema corridor, as a new Forest Reserve managed by the Forestry and Beekeeping Division (FBD) of the Ministry of Natural Resources and Tourism, offers important biodiversity conservation benefits in the East Usambara Mountain block, but the compensation plan is only the first step.



**Derema Corridor**

Financing is needed to support the demarcation and long-term management of the corridor and the forests linked by it; but government does not have the ability to provide the required long-term financing and no other source of long-term funding for the area currently exists.

The Derema Corridor lies within the EAMCEF's East Usambara primary target area and with a GCF contribution to its endowment, EAMCEF could play prime financing role for long-term corridor conservation and management. EAMCEF, with FBD support, will continue its discussion with GCF toward finalizing a proposal for a capital allocation that will generate the funds needed to support conservation in Derema specifically, and East Usambara in general. Given the critical importance of the corridor for biodiversity, and the need for long-term financing to ensure its conservation, EAMCEF will concentrate its efforts to identify funding sources that will ensure sufficient resources to guarantee effective management and conservation of this important conservation area.

## Other Donors

In the past, few donors have expressed interest in providing fund capitalization. However with the growth of interest in conservation finance, there has been growing donor interest in providing long-term financing for forest conservation. Both the French and German governments have recently expressed an interest in endowment financing. As part of its strategy EAMCEF should prepare a brochure or pamphlet explaining its mission and objectives and meet with donors to determine the feasibility of accessing funds for the endowment, as a first option. Where endowment funding is not feasible, the potential for EAMCEF to receive other funding (i.e. sinking funds), needs to be explored starting in 2006.

## Goal 2: Objectives

- 1. Increase endowment capital from \$7 million to \$12 million over the next five to seven years; to \$20 million over the next 10 to 15 years**

### *Strategies*

- 1.1 Explore options for donor contributions to the endowment fund – starting with a proposal to the Global Conservation Fund (GCF)
- 1.2 Explore options, including management of sinking funds that allow upfront receipt and investment of funds with interest dedicated to building the endowment (see Fundraising Framework) and identify likely donors
- 1.3 Develop a spending rule that allows EAMCEF to reinvest some of its earnings during years of positive market performance
- 1.4 Find financial support that allow EAMCEF to substitute donor funds for internally generated funds and reinvest all or a portion of the proceeds

### *Key Performance Indicators*



**Communities and Experts meet at Derema Corridor**

Funds received from GCF for the endowment to support management and conservation of the Derema Corridor.

EAMCEF generating between \$500,000 and \$600,000 per annum to cover operating and program costs.

Number of donors supporting EAMCEF mission increased resulting in increased program investment and reinvestment into the endowment fund.

### *Assumptions*

- 1.1 Donors exist who are willing to contribute to the endowment fund or to work with EAMCEF to explore feasible options
- 1.2 GCF will have the funds and interest to support the endowment fund in support of management of the Derema Corridor.
- 1.3 Returns on investment will follow historical trends during the period and provide sufficient earning to allow endowment to increase.

## **2. Establish a diverse portfolio of revenue sources for EAMCEF and its projects**

### *Strategies*

- 2.1 Market programs to a diversity of donors to support programming objectives
- 2.2 Collaborate with partner organizations to develop joint proposals to increase support and possibly expand the reach of EAMCEF within existing target mountain blocks.
- 2.3 Build capacity in conservation finance, fundraising strategies and development of feasible proposals.

### *Key Performance Indicators*

- 2.1 New financing mechanisms identified and made operational resulting in new sources of funding for EAMCEF
- 2.2 At least two new proposals developed for which funding received to support EAMCEF conservation efforts
- 2.3 Board and secretariat participation in relevant short courses, seminars, workshops and study visits

### *Assumptions*

- 2.1 EAMCEF can identify and develop ecosystems services payment projects in priority areas.
- 2.2 EAMCEF has the knowledge and flexibility to try new funding approaches
- 2.3 Donors and partners willing to support and/or work together with EAMCEF

**Goal 3. Foster and promote sustainable development projects and programs, creating strong linkages between conservation, sustainable resource management and improved livelihoods.**

### ***Goal 3: Rationale and Strategic Impact***

EAMCEF's mission creates a convergence of two important priorities in Tanzania, biodiversity conservation and poverty alleviation. This conservation and sustainable development connection increase the pool of potential funding organizations willing and able to support EAMCEF programs. One of these potential donors is the Tanzanian Government, which manages funds targeted toward poverty alleviation. For example, the MKUKUTA – a national strategy for growth and poverty reduction - mentions the importance of catchment forests in several places. Other sources include

donors that support a poverty and development agenda and who would not necessarily consider funding an environmental project or program. By developing successful programs that tie investments aimed at improving incomes and quality of life of Eastern Arc Mountains communities to forest conservation, EAMCEF can argue effectively for poverty alleviation, development and conservation funds to support its programs and expand its outreach throughout the Eastern Arc Mountains.

EAMCEF programs will foster community reliance and capability in managing natural resources to provide important social, economic and environmental benefits today and for future generations. Direct funding for the conservation and management of important forest sites will lead to greater protection and generate significant environmental services (e.g. water, carbon sequestration, biodiversity) that will benefit society at a local, regional, and global level. Selling these services globally could generate significant long-term revenue flows that support the EAMCEF's mission.

## 1. Gain local buy-in

This is achieved through efforts to work in conjunction with local institutions and local and regional development plans. All EAMCEF programs emphasize gaining local buy-in and are:

- ***Tied to district plans:*** EAMCEF projects are linked to district forest management objectives and to central government policies for management of catchment forest reserves. EAMCEF will work with both district and central government forest managers to develop a coordinated agenda, which it can support. Most conservation funding will be channeled to existing forest managers, District Executive Directors or to communities that have some type of management agreement or contract with government, or else have gazetted community land.
- ***Integrated with local institutional arrangements:*** In reviewing projects and setting strategies, EAMCEF will establish local advisory committees. The core committee membership includes the District Council Standing Committee on the Environment. In this way all EAMCEF programs are discussed and vetted by local governments and community leaders.
- ***Focused on joint programming and planning:*** Most projects financed by EAMCEF over the next five to ten years will be designed as part of joint planning efforts between EAMCEF and the implementing organization. This is especially true for forest conservation projects that will be implemented via local government and central government institutions primarily, or through communities. Some of the community and research grants will be awarded on a competitive basis with little EAMCEF input, but for the most part, EAMCEF will be directly involved in providing advice and input, as well as helping to develop capacity of implementing organizations in its focus areas of operation.

The potential benefits to conservation from joint planning efforts are high. Budget realities in districts constrain efforts to address urgent environmental and natural resource issues. Poverty alleviation takes precedent in most district funding decisions and investments may not necessarily consider environmental impacts. By providing coordinated project funding, EAMCEF will work with districts to ensure that conservation issues are taken into account when making development investment decisions. The strategy to link its funding to district planning allows EAMCEF to put conservation issues on the development agenda and provide a forum for discussion. Moreover, EAMCEF will provide much-needed impetus and capital to finance sustainably designed district-level projects.

In all its program efforts EAMCEF will need to strike a balance between social welfare demands and meeting priority conservation needs. In spite of its conservation focus EAMCEF will receive requests

from communities to support social infrastructure (schools, clinics, etc.). Given the lack of resources in many of the target communities, financing of some social infrastructure may make sense. In considering these projects EAMCEF should ensure that:

- No more than 30% of its community sustainable development budget supports social infrastructure projects;
- All social infrastructure projects should include some agreement or requirement wherein funds are provided in exchange for some community contribution to conservation objectives; and
- Opportunities in the same communities for improving livelihoods be explored to facilitate community commitments to conservation.

## **2. Promote innovations in sustainable development financing**

EAMCEF expects to develop programs that will deliver successful conservation outcomes. However, EAMCEF is a conservation funding organization, and not an implementing organization. Its success depends on its ability to develop effective partnerships with organizations, projects and programs to launch and implement successful programs. By developing effective partnerships and being open to trying new approaches, EAMCEF is in a strong position to introduce novel solutions to the conservation challenges in the Eastern Arc Mountains.

Some opportunities for innovation include:

- **Direct Conservation Payments.** EAMCEF is one of the only organizations in the Eastern Arc Mountains with the capability of providing guaranteed long-term direct payments to achieve conservation objectives.

Direct conservation payments may be a useful approach to achieving two important objectives in Tanzania:

- 1) Involving communities more actively in forest conservation, and
- 2) Ensuring sustainable management of conservation areas.

EAMCEF has the ability to provide direct payments over a long period of time. These payments would be coupled with the development of revenue generating plans in the community (e.g. revenue from new products, ecosystem service payments, etc.) that would begin to reduce and possibly eliminate the need for direct payments in the future. EAMCEF can partner with other donors and the Government to design a variety of long-term programs and interventions. In such cases, the Government or donor projects would provide some of the shorter-term technical support and training financing, while EAMCEF contributes the long-term funding and any future revenue generating strategies.

Such an approach has not been tried in the past in Tanzania due to worries about program sustainability. With sustainability concerns minimized by its long-term nature, EAMCEF has an opportunity to explore this option in target forest reserves in priority areas.

In exploring the direct payment option, EAMCEF can initially seek collaboration with the Government's Participatory Forest Management Programme (PFM) in the areas of program design, short-term technical support, and training required to ensure success. The two entities need to reach agreement on the first site where the direct payments for conservation option can be designed and tested, reach agreement on funding responsibilities, and create the modalities for developing contracts and tracking community compliance with contract specifications.

This effort would represent the first of its kind in Tanzania and could serve as an important forest conservation model. It also demonstrates a very proactive approach to conservation by EAMCEF.

- **Payments for Ecosystem Services** Growing interest in marketing ecosystem services, especially water and carbon, in the Eastern Arc Mountains opens another strategic focus for EAMCEF.

With growing interest in marketing ecosystem services and with its developing linkages with organizations that can help it connect with buyers, EAMCEF is well positioned to play a significant role in marketing ecosystem services and channeling payments. This is especially true for carbon where payments that are made over a long time period (e.g. 30 years) and where there is a need to bundle smaller projects to provide economics of scale. EAMCEF will build its capacity to support the development of carbon projects as well as serve as a broker between the project developers (in most cases members of a community) and those buyers. In serving as a broker between the supply (communities, forest managers, etc.) and demand (buyers, partner organizations abroad),



**Kihansi Hydropower in the Udzungwa Mountains**

EAMCEF may be able to generate funds to expand its role in the ecosystem service payment arena, and generate funds to implement its overall program. The structure and mechanisms employed to achieve results in this area will need to be developed over the next several years. Efforts to explore options should begin now in coordination with MNRT - FBD (in particular with the Conservation and Management of the Eastern Arc Mountain Forests (CMEAMF) and the Participatory Forest Management (PFM) projects - two FBD projects), and other potential public and private sector partners in Tanzania and abroad.

The challenge for EAMCEF is both the linking to and creation of markets for the available services. In the case of water, Government, the private sector, and civil society already recognize water as an important environmental service from the Eastern Arc Mountains, although the development of markets for these water services are still incipient and appropriate mechanisms to permit payments to forest managers or other brokers do not exist. EAMCEF needs to explore the potential to develop markets for water and attempt development of a pilot effort, if feasible.

In developing opportunities over the next five years, EAMCEF will work closely with the Government's Conservation and Management of the Eastern Arc Mountains programme (CMEAMF) and will link with international projects and marketers (Critical Ecosystem Partnership Fund, Ecosystem Marketplace,

WWF, CARE, IIED, IUCN, WCS) to benefit from existing, or develop new, ecosystem service projects. Expanding contacts with private sector entities both inside and outside Tanzania will also be critical.

### ***Carbon***

Carbon sequestration is an important ecosystem service that EAMCEF may be able to develop in the area. EAMCEF needs to coordinate with partners to identify potential markets, both official (i.e. under the CDM process) and voluntary, to sell carbon and generate additional conservation resources. Carbon markets are developing rapidly and during the period of this strategic plan they should mature significantly. Already the CDM Secretariat has approved methodologies for financing land use projects. The market for carbon credits generated via avoided deforestation projects is growing and become more mainstream. Both project types fall within the mission of EAMCEF.

The avoided deforestation market is voluntary at this time, but is gaining acceptance internationally in the short to medium term. EAMCEF has an opportunity to work with forest management officials and communities to develop conservation projects that limit deforestation and provide carbon benefits at the same time.

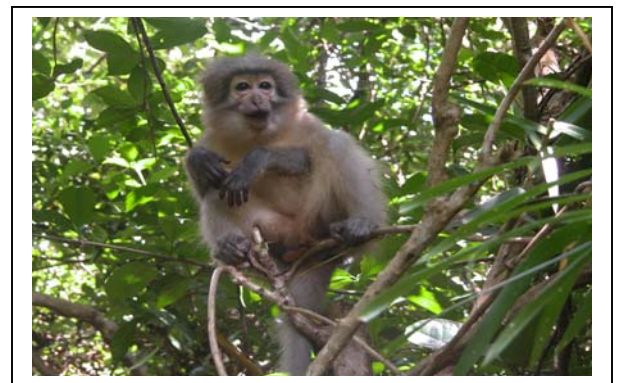
Over the next five years, EAMCEF should play a significant catalytic role by working with regional, national and international partners and stakeholders to develop successful models that can be employed in the area. Marketing the carbon from one or several sites will require extensive collaboration with the Government of Tanzania and with international partners who would have marketing responsibility. EAMECF should either seek financial support from a donor, such as CEPF or CMEAMF, to undertake a feasibility study to launch avoided deforestation initiatives in target blocks, or utilize some of its own funds to conduct the study.

### ***Water***

Water is another ecosystem service that has the potential to generate revenue if appropriate markets can be developed. To capitalize on other opportunities over the next five years, EAMCEF will work closely with the Tanzanian Government and with international projects and marketers (Ecosystem Marketplace, WWF, CARE, IIED, IUCN, WCS, etc.) to develop water service payment projects from the Eastern Arc Mountains, where the water service can be traded locally. EAMCEF will keep abreast of the various projects seeking to work on this issue in Tanzania and will look for creative opportunities where it can play a role in making such payments a reality. EAMCEF, in coordination with other stakeholders (e.g. CMEAMF, CARE/WWF/IIED, GoT), may want to target a particular site to pilot an effort to market water services. As with the case for carbon, funding a comprehensive feasibility study will be essential prior to launching the initiative.

### ***Biodiversity***

Biodiversity is another important ecosystem service that EAMCEF can help to develop over time. Already some markets exist in the Eastern Arc Mountains area for medicinal plants and butterflies, but for the most part the markets are small or fractured. Development of markets for genetic resources, medicines and other



**Endemic Primate in the Udzungwa Mountains**



biodiversity may be feasible but will need further analysis and study before EAMCEF can promote them. Development of pilot efforts in specific target forest sites should be explored with relevant technical support as needed to conduct feasibility studies. In pursuing this option, EAMCEF will begin making contacts with pharmaceutical and natural products companies operating in Tanzania and in East Africa.

### **3. Begin development of a business approach to sustainable development**

In many cases addressing the program and project sustainability will require a focus on EAMCEF helping communities increase incomes, at the same time that conservation measures are strengthened. In addition to direct payments for conservation, EAMCEF funding will need to discover ways to improve livelihoods of many of the people living around the target forest reserves in the Eastern Arc Mountains. In developing the business approach EAMCEF will need to ensure the following:

- **Effective planning:** EAMCEF will ensure that funds will support the implementation of feasibility studies to assess the technical, economic, and financial feasibility of projects. These studies must ensure that the project has sufficient capital, management capacity, and existing markets to be successful. For some feasible projects, EAMCEF could provide some initial start-up capital and to launch an initiative with assurances that other investors would come on board to continue to the process. In working with protected areas and community-managed forests, EAMCEF will promote business planning approaches. The business plans will ensure a rigorous financial analysis to determine management and operating costs and identify actual and potential sources of revenue.

The analysis will allow EAMCEF to know its financing needs over at least a three-year planning horizon and then plan accordingly. In that way it can know and plan its investment needs into the future and its likely funding allocation schedules. This approach allows EAMCEF to develop its programming budgets and keep the program within budget. The analysis may also prompt EAMCEF to mount a fundraising effort to fill any serious gaps that are identified.

- **Enterprise Development.** In the Eastern Arc Mountains area, poverty represents one of the most pressing problems and is often cited as one of the causes of environmental destruction. To address this problem, EAMCEF expects to direct much of its community development funding to projects and programs that increase incomes. Some of these will be innovative in nature and other may focus on more traditional investments, including improved agricultural practices to increase yields, product marketing, community-based tourism, and others. The area already has examples of successful innovative projects, such as the Amani Butterfly project. By building on existing demand and developing a system of production, sales and distribution, farmer incomes in a number of communities in East Usambara have increased. Not everyone in the Eastern Arc Mountains can farm butterflies, but the important lessons of the project (understanding the market, technical assistance to develop the product and assure quality control, effective distribution, profitability) need to be understood and employed in future EAMCEF investments in the area.

In some cases EAMCEF involvement in enterprise development may take on an active or part-ownership role. These efforts could even include development of joint ventures with local communities to set up an eco- friendly tourist facility or a “green business”. EAMCEF can also invest in improving economic and market conditions for Eastern Arc communities, linking investments to changes in behavior favoring forest and biodiversity conservation. Revenue generation by EAMCEF, its projects, and the protected areas it supports, represents an important medium to long-term strategy.



**Butterfly farming near Amani Nature Reserve**

As part of its strategy, EAMCEF will develop revenue generation strategies for its projects, so that earned revenue begins to replace funds originally provided by EAMCEF.

### ***Goal 3: Objectives***

- 1. Promote the active involvement of communities in the conservation and sustainable management of the natural resources and biodiversity of the Eastern Arc Mountains and ensure that these communities directly benefit from the program investments.**

#### *Strategies*

- 1.1 Work with districts so that poverty alleviation strategies and programs are linked to sustainable development and conservation efforts
- 1.2 Develop joint programs with districts and central government authorities to foster sustainable approaches to development and poverty alleviation
- 1.3 Explore direct payment options and revenue generating options to support community management of forest areas – target at least one pilot forest reserve with PFM Project and begin implementation at the earliest.
- 1.4 Contribute, where feasible, to promoting community-level ecotourism investments
- 1.5 Promote social infrastructure projects on a limited basis to support communities, without losing focus on projects with direct conservation linkages.
- 1.6 Build necessary capacity and awareness required for successful direct payment initiatives.

#### *Key Performance Indicators*

- 1.1 Communities receive payments and revenue to manage forests in the Eastern Arc Mountains from multiple sources
- 1.2 Lessons learned available on use of direct payments and other mechanisms to promote forest management by communities

- 1.3 Revenue flows from forest management to communities in target areas increased as a result of EAMCEF programs.
- 1.4 Improvements in community livelihoods as a direct result of EAMCEF investments
- 1.5 Direct payment is being tried at least at one pilot forest reserve

#### *Assumptions*

- 1.1 Direct benefit payments are feasible and acceptable in the area
- 1.2 Income will be sufficient to create both incentives and commitments not to degrade the resource base
- 1.3 Surveys completed against which improved livelihoods can be measured
- 1.4 Government policy and political will are available and supportive of direct payments.

## **2. Develop financing mechanisms to increase incomes while contributing to the conservation of biodiversity of the Eastern Arc Mountains**

#### *Strategies*

- 2.1 Develop small business opportunities linked to the conservation and management of natural resources
- 2.2 Promote financial resource generation through ecosystem service payments and climate change programs (i.e. carbon sequestration)
- 2.3 Act as a broker or bundler for carbon projects in the Eastern Arc Mountains to achieve economies of scale, generate revenue, and finance conservation programs in priority areas.

#### *Key Performance Indicators*

- 2.1 Business plans completed for at least five income generating projects in each priority mountain block
- 2.2 Income generation projects operational around each of the priority forest reserves where EAMCEF works
- 2.3 Ecosystem service projects generating revenue to support protected area management and/or community investments
- 2.4 Incomes in target areas increased over the life of this strategic plan

#### *Assumptions*

- 2.1 EAMCEF has the capability or can marshal the resources to help develop viable businesses
- 2.2 Agreements will be reached with the government for sale of carbon and for sales of water or other services (i.e. biodiversity)
- 2.3 Investments by EAMCEF will lead to increased incomes to communities over the life of this strategic plan

### 3. Support adoption of policies, regulations and incentives that promote sustainable development in the area

#### *Strategies*

- 3.1 Work with national and local governments to promote policies and programs that support conservation of the forests of the Eastern Arc Mountains
- 3.2 Develop pilot incentive schemes to demonstrate successful approaches that can be adopted in other areas
- 3.3 Create a collaborative network that links government, civil society and the private sector to ensure that investments in the Eastern Arc Mountains focus on sustainable development and ensure effective management of the area's natural resources. Organize meetings and forums to discuss strategies and approaches

#### *Key Performance Indicators*

- 3.1 EAMCEF actively participates in district planning efforts in target areas
- 3.2 EAMCEF undertakes joint-funding programs with districts in support of district sustainable development goals
- 3.3 District and national government efforts support and enhance forest management and conservation goals
- 3.4



**Scientists at work in the Udzungwa Mountain Forests**

#### *Assumptions*

- 3.1 Districts will be supportive of sustainable development efforts and include EAMCEF as a partner in the development process
- 3.2 EAMCEF accepted by national and local governments as a partner and viable contributor

**Goal 4. Increase knowledge and understanding of the global and national importance of the Eastern Arc Mountains**

#### ***Goal 4: Rationale and Strategic Impact***

The biodiversity of the Eastern Arc Mountain forests is of extraordinary international significance and scientists continue to study its importance on a global scale. Locally these forests are of great value for mitigating the impacts of poverty. The Eastern Arc Mountain forests are inextricably linked to the social and economic fabric of the communities living adjacent to the forests, providing benefits associated with

conservation (primarily related to water) and the costs associated with changing current practices. These costs include the potential loss of livelihood for residents engaged in timber felling, charcoal production, and agriculture (taking place within forest boundaries) and potential economic adversity for current users of those forest products – such as urban dwellers dependent on charcoal for fuel and poles for construction and women engaged in local brew making. Virtually all livelihoods in the communities adjacent to these forests are dependent in some way and to varying degrees on forest resources.

Conserving the Eastern Arc Mountains will require more than just a financial investment, it will require greater knowledge and understanding of the importance of these forests to the world and the national economy. EAMCEF's contribution involves support for applied conservation and socio-economic research as part of its grant program, and the publication and dissemination of research results related to the Eastern Arc Mountains.

Maintenance and updating of the website, along with efforts to improve the website interface will help EAMCEF reach out to a broad national and international audience.

Another important outreach and awareness raising approach involves the establishment of the Eastern Arc Mountains as a UNESCO World Heritage Site. Designation gives the Eastern Arc important world-wide recognition as natural heritage of outstanding value to humanity. This helps justify investment by government and others in conservation measures and supports EAMCEF and other arguments with local and national governments for adoption of sustainable development approaches. Through CMEAMF Project the government has already started the work towards designating the Eastern Arc Mountains as a World Heritage Site.

#### ***Goal 4: Objectives***

##### **1. Coordinate and fund the collection and dissemination of data and conservation information highlighting the global, national, and local conservation values of the Eastern Arc Mountains.**

###### *Strategies*

- 1.1 Provide financing for applied research in the Eastern Arc Mountains and ensure dissemination of the information;
- 1.2 Assist with information gathering and development of publications related to the Eastern Arc Mountains
- 1.3 Establish and maintain an updated Resource Information Centre with access available to all relevant stakeholders.
- 1.4 Collaborate with relevant partners, e.g. CMEAMF Project, UDSM, etc. to establish, maintain and update a comprehensive database for the Eastern Arc Mountains.

###### *Key Performance Indicators*

- 1.1 Research projects adding to knowledge of the Eastern Arc Mountains completed;
- 1.2 Information available via updated website and via publication of research results
- 1.3 Information Resource Centre established and operational
- 1.4 Eastern Arc Mountains database available and operational

## Assumptions

- 1.1 Sufficient good quality research results are available for publication and dissemination;
- 1.2 Adequate resources available to support information gathering and research while meeting other conservation and development demands

## 2. Facilitate national, regional and global understanding of the conservation importance of the Eastern Arc Mountains and EAMCEF's conservation and development role.

### Strategies

- 2.1 Develop an annual communications plan;
- 2.2 Manage and update regularly the *easternarc.or.tz* website, coordinating with a variety of partners to ensure information flow;
- 2.3 Invest in appropriate media (brochures, information materials, films, etc.) to increase outreach to broad stakeholder base;
- 2.4 Organize events for government leaders and donors to demonstrate EAMCEF program

### Key Performance Indicators

- 2.1 Annual communication plan developed and implemented;
- 2.2 Website updated on quarterly basis;
- 2.3 Communication and outreach materials produced and distributed;
- 2.4 At least one even held per year with invited guests.



Website: [www.easternarc.or.tz](http://www.easternarc.or.tz)

## Assumptions

- 2.1 Communication and outreach efforts will be successful in gaining political and financial support for EAMCEF programs;
- 2.2 Board will approve resources necessary to market EAMCEF and its work.

**Goal 5. EAMCEF builds and maintains the administrative and technical capacity to manage programs, provide technical assistance and run an efficient organization.**

***Goal 5: Rationale and Strategic Impact***

The Board of Trustees is the policy and decision making body of the Trust. In accordance with the Deed, Trustees hold all land and all money upon trust and must apply all resources in accordance with the aims and objectives of the Trust for the benefit of present and future generations. The Board of Trustees has nine members and meets four times per year to review policy and strategy, authorize work plans, and approve EMACEF expenditures. EAMCEF seeks to keep its Board administrative costs modest.

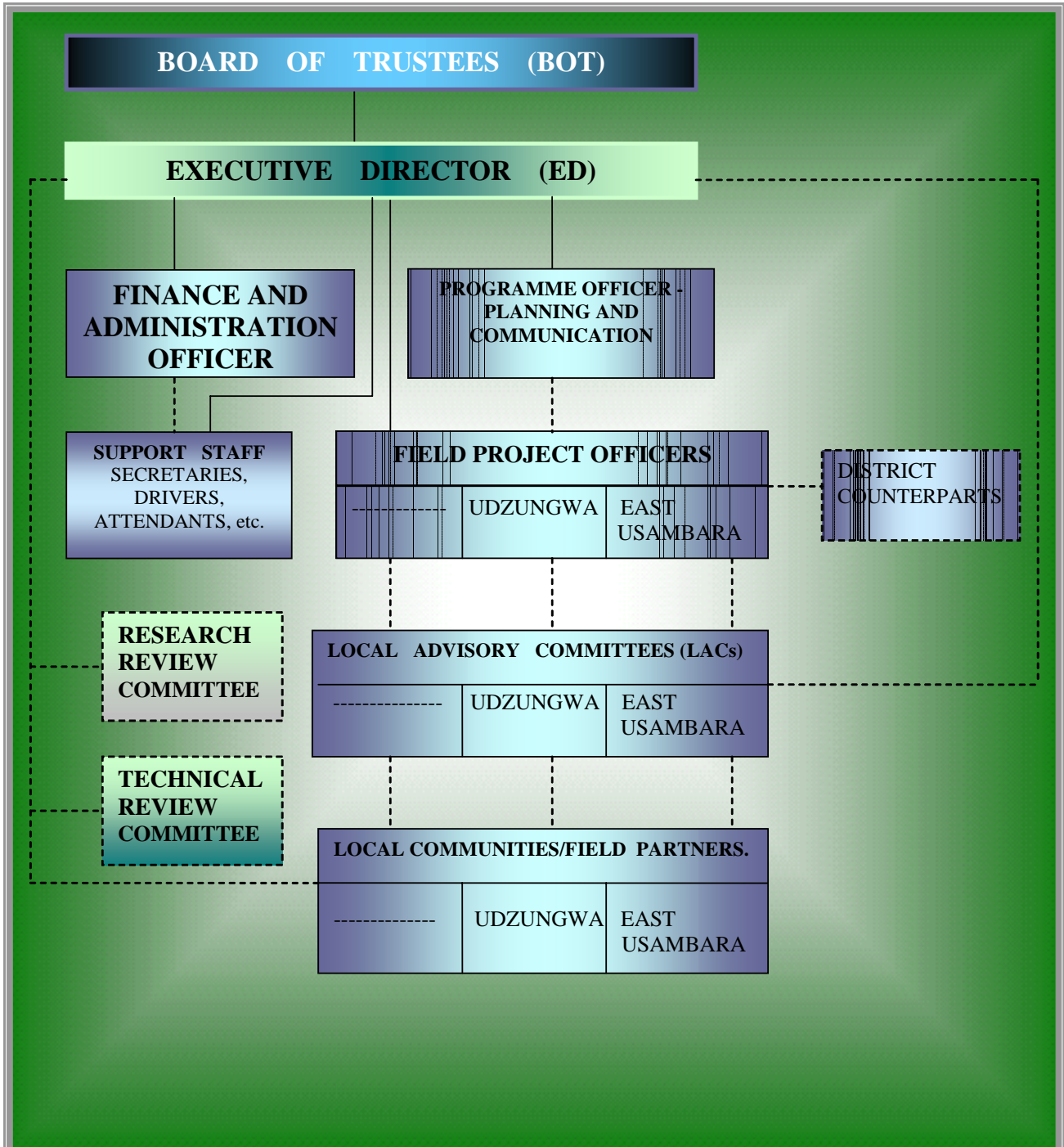
Management of the EAMCEF falls under the responsibility of the Secretariat, led by an Executive Director. Figure 2 shows the organization of the Secretariat at the present time. The current structure is built on the need to respond to several implementation challenges.

The Eastern Arc Mountains cover an extensive geographic area and as a result poses significant logistical and management challenges. EAMCEF has responded by building a strong core organization that guarantees effective fiscal and programmatic management as well as direct technical, managerial, and training support to selected field sites. Moreover, the lack of technical and programmatic capacity in the various districts, especially at the community level, requires continuous input and attention by EAMCEF staff to develop effective projects and interventions and ensure their successful implementation.

The need to travel long distances and provide the required quality oversight significantly raises the cost of operations. Many of these costs are programmatic as opposed to strictly administrative, but do represent fixed costs for running the EAMCEF program and ensuring the quality and conservation impact of the programs it finances.

Over the next five years, EAMCEF plans to keep its fixed administrative and operational costs at or below \$200,000 per year. At current budget levels, this amount represents between 45 and 50 percent of the total annual budget. However, if EAMCEF is successful in increasing its endowment to between \$11 million and \$12 million, while keeping its operational/administrative costs at or below the \$200,000 mark, the percentage of the total annual budget spent on administration and operations would decrease to around 30 percent, a reasonable rate given the operational challenges inherent in the area. In addition to increasing its total budget, EAMCEF is committed to identifying operational efficiencies that will allow it to put in place strategies to reduce some of its costs over time.

Figure 2. EAMCEF Organizational Structure





By committing to a two mountain blocks strategy for the next five to ten years (assuming no new project funds directed at other mountain blocks), increasing revenue, and adopting cost reduction strategies, EAMCEF expects to lower the percentage of funds spent on operational and administrative costs over the next five years. In those cases where specific projects allow EAMCEF to expand its activities, it will hire additional staff on a contract basis, rather than incur permanent liabilities.

### **Creation of the Eastern Arc Mountains Conservation Centre**

EAMCEF and CMEAMF are collaborating to develop a permanent conservation centre for the Eastern Arc. Housed in a renovated government building complex, the Centre is expected to (1) host a sustainable financing mechanism (EAMCEF), (2) contain the best available information on the Eastern Arc, (3) be a point of linkage between stakeholders, and (4) most likely provide accommodation for the proposed Eastern Arc Mountains World Heritage Site Secretariat.

Over the next three years EAMCEF will work out arrangements to ensure the permanency of the Centre, including the development of a plan to house and support stakeholders involved in promoting conservation and sustainable development in the Eastern Arc Mountains. A specific EAMCEF goal will be to acquire ownership of the Centre on the completion of the CMEAMF project. By doing so, EAMCEF will eliminate the need for paying rent, and will have the opportunity to lease space to partners to cover maintenance costs, and possibly generate some revenue.



### **Staff capacity building**

Capacity building represents another important investment at this time. With project funds available through the existing Government-World Bank project, EAMCEF will invest in staff development over the next three years. These capacity building investments will be aimed at improving staff ability to develop effective projects and programs, support their implementation and provide adequate monitoring and oversight. EAMCEF will also provide funding to increase staff knowledge and capability in conservation finance, promoting greater understanding and use of innovative financing mechanisms for conservation and sustainable development. Making these investments now, while enjoying project funding over several years, will allow EAMCEF to use its own resources more effectively starting in 2008 or 2009.

Capacity investments may also include support for training of members of the Board of Trustees with the objective of ensuring the effective operation of that body. Training investments may be particularly important as terms of current board members start to expire and new board members assume positions. Annual budgeting over the next two or three years should include training for board members.

## **Identification of an international implementation partner(s).**

Another way to increase EAMCEF capacity is to develop a close partnership with an international organization with the capability of providing needed support and partnering on programs to achieve conservation objectives. By developing joint programs and ventures with an international organization, EAMCEF can strengthen its outreach and knowledge base, and create new fundraising opportunities.

EAMCEF recognizes that by developing partnerships it opens new opportunities and has access to a range of ideas and approaches that can benefit its mission. EAMCEF's strategy will focus on identifying specific partnering opportunities with international organizations, such as conservation NGOs that focus on conservation finance issues, and develop joint proposals and innovative funding initiatives aimed at meeting the institution's objectives.

## ***Goal 5: Objectives***

### **1 Ensure that management staff and board members have the capability needed to successfully implement the strategic plan**

#### *Strategies*

- 1.1 Train in priority areas where staff currently has limited experience such as: conservation finance, enterprise development, ecosystem service payments, etc.
- 1.2 Contract technical assistance as necessary and partner staff to build capacity
- 1.3 Build Board management capacity with a focus on asset management and non-profit organization management. Focus training around most Board members as Appropriate.
- 1.4 Develop partnerships to increase technical capabilities and scope of program efforts

#### *Key Performance Indicators*

- 1.1 Staff performs at a level to ensure success of EAMCEF programs
- 1.2 Board understands asset management reports adequately and can liaise effectively with asset manager

#### *Assumptions*

- 1.1 A combination of use of training materials (ie. Conservation Finance Guide), training programs, and hands-on training will build sufficient capacity over the next five years.
- 1.2 Adequate training opportunities can be found.
- 1.3 Sufficient resources for capacity building will be available against other important competing needs.

**2 Partner with selected organizations, both international and national, to leverage programmatic, technical and administrative capabilities**

*Strategies*

- 2.1 Work closely with international NGOs with conservation finance field experience to develop joint funding proposals and field programs in EAMCEF's priority mountain forest blocks.
- 2.2 Identify new partnership opportunities

*Key Performance Indicators*

- 2.1 MOU(s) signed with a collaborating organization (s) to implement projects
- 2.2 Increased funding flows to priority areas in Eastern Arc Mountains

*Assumptions:*

- 2.1 EAMCEF can identify a partner organization and develop a workable agreement that satisfies each organization

**3. Create the Eastern Arc Mountains Conservation Centre**

*Strategies*

- 3.1 Obtain ownership of its current office premises and establish a conservation and sustainable development node for the Eastern Arc Mountains
- 3.2 House documents, institutions and stakeholders focused on the Eastern Arc Mountains

*Performance Indicators*

- 3.1 Centre established and offices occupied
- 3.2 Investments made to develop the Centre and its resources
- 3.3 Ownership of the plot of land and offices officially transferred from the Government to EAMCEF.

*Assumptions*

- 3.1 EAMCEF receives title to the office premises by the end of the current CMEAMF project
- 3.2 Interest of partners to make use of the centre is secured and maintained.

**IV. IMMEDIATE ACTIONS TO LAUNCH THE STRATEGY**

EAMCEF needs to complete several important steps to receive its GEF funding and begin effective implementation of this strategic plan. The first step is to finalize the GEF benchmarks so that the \$7 million reserved for EAMCEF can be released to create the endowment fund. Achieving the benchmarks will require that EAMCEF do the following:

- **Establish a grant-making framework and issue initial grants**

EAMCEF needs to put in place a grant-making framework and must begin the process of disbursing funds. At its September 2005 meeting, the Board of Trustees agreed to the organization's grant guidelines and agreed to a strategy for providing its first grants.

EAMCEF will request proposals from district authorities to support priority conservation interventions at Amani Nature Reserve and Nilo Forest Reserve in the East Usambaras, and in the Udzungwas it will target Iyondo Forest Reserve in Kilombero district and Uzungwa Scarp Forest Reserve in the three districts of Kilolo, Kilombero, and Mufindi. EAMCEF will work with the districts and regional catchment forest offices and the Amani Nature Reserve to develop these proposals sufficiently to present final versions to the Board at its December 2005 meeting. EAMCEF will initiate fund disbursements in February 2006 for projects approved at the December 2005 Board meeting.

- **Hire the Asset Manager**

The final benchmark requires that EAMCEF hire an asset manager. In its September 2005 meeting, the Board of Trustees approved an investment policy as well as a request for proposals that would be sent to prospective bidders. Once it receives a World Bank "no objection" to the policy and proposal request, EAMCEF will seek responses to its proposal request, with a goal of reaching a decision on asset manager selection before the end of February 2006. By committing to this schedule EAMCEF hopes to engineer a transfer of the \$7 million from the GEF to its account by early March 2006 and earn interest on these funds for most of that year.

With the realization of these final two benchmarks, EAMCEF can put the strategies outlined in this document into action.

## APPENDIX 1: STRATEGIC DRIVERS

EAMCEF is poised to become a catalyst for conservation financing and promotion of sustainable development in the Eastern Arc Mountains. Few private institutions have the financial capability to support long-term commitments to conservation and sustainable development. By taking a leadership role and collaborating with local governments both in its target areas and the Eastern Arc Mountains in general, EAMCEF can begin to influence the type of conservation investments made in the area.

The challenge for EAMCEF is to understand the opportunities and constraints it faces, take advantages of opportunities that will increase its financial strength while addressing increasing conservation and community investment needs, and remove obstacles that stand in the way of achieving its goals and objectives.

### Social and economic trends affecting conservation and sustainable development

- The growth of poverty in rural areas in Tanzania threatens the natural resources of the Eastern Arc Mountains. Without alternative income opportunities coupled with effective conservation measures, threats to biodiversity conservation will increase.
- The demand for fuelwood, specific species only available in protected forests and the demand for bushmeat continue to put pressures on biodiversity in the Eastern Arc Mountains.
- Greater awareness among Tanzanians of the benefits of conservation opens opportunities to explore conservation and sustainable development options in the Eastern Arc Mountains. Working in collaboration with local communities could lead to important innovations and approaches.
- Government and businesses have begun, albeit slowly, to understand the economic benefits that result from improved management of natural resources. This realization opens significant opportunities to negotiate ecosystem service payment deals and further gain support for conservation.

### Demand for EAMCEF services and funding

- Given funding and poverty levels in the area, demand for the funding and services that EAMCEF can provide will be high. This means that EAMCEF will feel significant resource pressure as it tries to meet the demands.
- The decentralization process will mean that districts have more responsibility in promoting development in their areas than in the past. However, this does not mean that districts will necessarily have more resources to implement programs. Districts will see EAMCEF as an important source of funding – again putting further pressure on EAMCEF’s financial resources.
- EAMCEF will receive significant pressure to finance social welfare programs (i.e. construction of schools, clinics, etc.) that have limited impact on conservation. EAMCEF will have to balance this pressure with the need to ensure that its investments make a positive contribution to conservation in the Eastern Arc Mountains.

### Funding trends and the factors affecting the ability to raise additional funds

- Current donor interests focus more and more on poverty alleviation and unless EAMCEF can convince donors that it has a sustainable development mandate and that its programs directly address poverty, its universe of potential donors may be small.

- Relatively few donors have indicated an interest in providing money for capitalizing endowment funds. As a result, EAMCEF needs to tap available sources for capitalization and explore new donors who have recently developed interests in capitalizing funds (French and German governments).
- The Government of Tanzania has already supported EAMCEF through use of World Bank loan funds. Success in the field could argue for more Government support of this kind.
- The growth in demand for ecosystem services and willingness to pay for them at a global and national level offers the opportunity for EAMCEF to expand its sources of project support revenue over time.
- FBD has very little money to invest in forest conservation even as demand for services grows. This means that EAMCEF will play a significant conservation role in selected forest sites, and in many cases will be the prime program financier, with government providing little more than salaries.

#### International issues affecting conservation in the Eastern Arc Mountains

- The Eastern Arc Mountains is included globally as a biodiversity hotspot, making it important strategically for conservation in Africa and therefore of interest to a variety of international organizations.
- The Eastern Arc Mountains could be designated as a UNESCO World Heritage Site. This designation provides global recognition to the area and raises its profile as a conservation priority.

## **APPENDIX II. EAMCEF STRENGTHS AND WEAKNESSES, OPPORTUNITIES AND THREATS**

### Strengths

- EAMCEF has a source of long-term funding that can generate annual revenue in perpetuity that can be used to provide consistent, long-term support for conservation initiatives.
- No other private organization has guaranteed funding to support conservation programs; this allows EAMCEF to become an innovator and to try new approaches.
- EAMCEF is a small organization and can act dynamically and efficiently to achieve conservation goals.
- After several years of operations with funding under a grant from the Tanzanian Government, EAMCEF has put in place effective systems and procedures that are responsive and will allow it meet its objectives.
- EAMCEF has recruited a competent staff that will be deployed effectively to coordinate with local government and private partners, and provide programmatic and technical assistance in the field.
- Until 2008 EAMCEF has important technical support from the GEF supported CMEAMF project that can provide some technical expertise and may assist EAMCEF in developing an effective monitoring program

### Weaknesses

- EAMCEF is a newly established organization and is not well-known. It will take some time for it to develop contacts with donors that will translate into additional funding.
- EAMCEF has insufficient resources to be able to address conservation issues and support sustainable development projects throughout the Eastern Arc Mountains. This will require a focused strategy in a limited geographic area until additional resources can be obtained. It also means that EAMCEF will need to forge alliances and invest time in increasing its capital base.
- Staff capability to develop innovative financing programs is limited and EAMCEF will need to invest time and resources to increase staff capacity in these important areas.
- The geography of the Eastern Arc Mountains contributes to higher fixed EAMCEF management costs, which affects the percentage of income that can be spent directly on field programs.
- The technical expertise of some potential counterpart organizations is low and EAMCEF will need to invest significant staff time to ensure the successful implementation of its projects.

### Opportunities

- EAMCEF has an excellent opportunity to obtain additional endowment funding from GCF to support work in the Derema Corridor in the East Usambara Mountains. That capitalization will make a significant contribution to EAMCEF's financial sustainability.
- The market for ecosystem services is poised to grow and EAMCEF can play an important role to develop projects, sell services and manage the funds acquired.
- EAMCEF has a mandate to both protect biodiversity and reduce poverty in communities, allowing it to tap into a diversity of donors and play a broader role in the area.

- EAMCEF has opportunities to forge partnerships with international organizations to increase its revenue and develop new initiatives that can result in more revenue flow to both EAMCEF and its projects.

### *Threats*

- The level of poverty and the increase in natural resource degradation pose a challenge for EAMCEF's ability to meet its conservation objectives.
- Government funding for poverty alleviation may not coordinate effectively with biodiversity conservation efforts and may cause conflicts.



## **Board Authorization Sheet**

This Strategic Plan for EAMCEF for the 2006-2010 period was ratified and its implementation approved in its entirety by the Board of Trustees of the Eastern Arc Mountains Conservation Endowment Fund (EAMCEF) as hereby provided:-

<b>Trustee</b>	<b>Signature</b>	<b>Date</b>
1. Prof. Said Iddi	.....	.....
2. Prof. Kallunde Pilly Sibuga	.....	.....
3. Dr. Hermann Mwageni	.....	.....
4. Dr. Magnus Ngoile	.....	.....
5. Mr. Paul Kunert	.....	.....
6. Mr. Clement Kapya	.....	.....
7. Ms. Julista Blazy	.....	.....
8. Mr. Paul Nnyiti	.....	.....