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Governance considerations for the design of REDD+ in Tanzania:
The dilemmas of a nested approach

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Abstract

There are several different options for the design of REDD+ at the national level, and each has its own strengths and weaknesses in terms of feasibility and desirability. Through the example of Tanzania, this U4 Issue considers three main design options: a national government led approach, a project based approach and finally a hybrid of the two, commonly referred to as the nested approach. The analysis suggests the national government led approach in Tanzania faces enormous challenges, including the risk of corruption and the threat of policy incoherence. A project-based approach is more feasible in the short term, but it offers limited prospects for achieving gains on the necessary scale, while there are also concerns that projects often fail to distribute gains equitably. Project developers will choose easier places to implement REDD+, potentially excluding areas where it is needed the most. Yet there is now increasing interest in a third way, commonly refered to as the 'nested approach', which aims to allow projects and national government-led REDD+ to coexists. The paper considers this for Tanzania, but argues the nested approach, as it is typically conceptualised, is unconvincing and also raises concerns with high risks of fraud and corruption. Tanzania therefore face a serious dilemma in moving forward with REDD+, and new ideas are needed on its design. The paper describes a different approach to understanding 'nested' governance for REDD+, which shifts REDD+ away from the hazards of a market based system and emphasises deliberative democracy for achieving REDD+ at the national scale. It also raises questions over the viability of continuing to link REDD+ payments only to a carbon metric.

About the author

André Standing is a researcher specialising on natural resource sectors, including forestry and fisheries. His work focuses on the political and social dimensions of resource sector governance, with an interest in political corruption, state and corporate crimes and the rights of marginalised communities.

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About the REDD Integrity project

This U4 Issue forms part of a three-year U4 project entitled "REDD Integrity." Funded by the Norwegian Ministry of Climate and Environment via Norad, the project provides research and analysis on governance and corruption risks for REDD+ at in a number of countries and derives policy implications for development practice. Country case studies in REDD+ countries examine how corruption and poor governance in the forestry sector affect the development of REDD+. Existing corruption poses risks to REDD+ goals, and the financial resources associated with REDD+ may create opportunities for corrupt activity. U4 is considering the importance to REDD+ of land tenure, the integrity of benefit-sharing mechanisms, the role of the private sector, and the strength of anti-corruption and governance policies supported by development agencies.

1. Introduction

Although it is complex and poses technical challenges in its implementation, the success of an international REDD+ initiative depends on political factors (Angelsen et al 2012, Corbera and Schroeder 2011, and Brockhaus et al 2014). In many countries inequality, corruption of various types, weak rule of law, abuses of human rights and a democratic deficit pose enormous challenges to reducing deforestation or forest degradation. At the same time, activities pursued through REDD+ can have negative social and political impacts, which unless averted will undermine its legitimacy (Sandbrook et al 2010, Brown 2013). Many of these threats and risks to the integrity of REDD+ are now well understood and efforts are underway to counter them. Anti-corruption risks assessments are being undertaken through the UN-REDD Programme in many countries, and the framework for the implementation of REDD+ governance safeguards is evolving.

Still, some experts remain pessimistic about the chances of REDD+ succeeding in highly corrupt and fragile states (Karsenty and Ogonlo 2012, Brown 2013). Although REDD+ is commonly envisaged as working eventually as a scheme at a national level, some believe getting REDD+ up and running requires carefully integrating REDD+ projects with an emerging sub-national or national framework, referred to as the 'nested' approach (Angelsen et al 2008, Pedroni et al 2007). This, according to its advocates, offers a flexible solution that gives REDD+ the greatest chance of success.

In Tanzania, the Government of Norway has been providing the majority of funding to get the country ready for a national REDD+ initiative. A focus of initial work on REDD+, starting in 2008, has been through demonstration projects led by local and international NGOs. These project developers advocate a nested approach in the country, and in some reports by civil society organisations it is suggested that a government-led national REDD+ is infeasible and threatened by high risks of corruption.

The paper supports the view that a national REDD+ initiative in Tanzania seems extraordinarily ambitious. It requires unrealistic expectations about the government's capacity to influence rates of deforestation and forest degradation. It is highly vulnerable to corruption, and there is not the necessary political will to ensure policy coherence between REDD+ and principal sectors of the economy, including agriculture.

However, there should be considerable doubt about the role of projects as well, including through a nested approach. On closer inspection what is being presented as a nested approach involves reinforcing divisions between a national approach and a project approach, which further threaten the possibility of a national approach becoming viable. There are also inherent risks involved in a nested design, while the solutions being advocated for mitigating such risks are either absent or unconvincing.

This should not lead to a defeatist attitude, as the objectives of REDD+ are too important. But it does highlight the risks of path dependency in REDD+, whereby technocratic fixes are presented as solutions to fundamental governance problems and contradictions in design. There is a need for new thinking about approaches to reduce deforestation and forest degradation. Authors developing an alternative view of what 'nested governance' of REDD+ should look like offer an interesting contribution, as do others who question the need to link REDD+ payments only to a carbon metric.

1.1 Method and focus of this paper

This paper is presented primarily for those working on anti-corruption. It considers several corruption risks in Tanzania for REDD+, but also offers a wider discussion on the political implications of design options for REDD+ that are likely to be of interest to anti-corruption practitioners. In particular, the concept of nested REDD+ may be attractive for overcoming corruption concerns with either a national, government led REDD+ initiative, or a purely project based one. However, the paper highlights the difficulties with advocating for a nested approach as it is commonly conceptualized, and it also suggests that a nested approach will have its own risks of fraud and corruption. The alternative idea described here for nestedness in the governance of REDD+ speaks to interests in designing anti-corruption based on civil society engagement and accountability, and is therefore potentially an important contribution to the work of anti-corruption practitioners.

The paper deals with debates on REDD+ in Tanzania and therefore relies primarily on open source literature, augmented with interviews with experts on REDD+ design and the situation in Tanzania. The opportunity for undertaking extensive fieldwork with a broader range of stakeholders in Tanzania was not possible for this paper, although the conclusion highlights where future research and policy discussion could build on the paper's main arguments.

2. Context: Getting ready for REDD+ in Tanzania

Tanzania began work to establish REDD+ in 2008, a process initiated by Norway following a visit by the Norwegian prime minister. This led to a bilateral agreement through a letter of intent. The agreement with Norway provided a five year budget for REDD+ activities of approximately USD 58 million, which, having been granted an extension period, came to end in 2014. The Government of Finland also provided USD 6 million for work towards a REDD+ measurement, reporting and verification (MRV) system, through a National Forest Resources Monitoring and Assessment Project. Following the agreement between Norway and Tanzania, the country was also identified as one of the 'quick start' countries for the UN-REDD programme.

In 2008 a national task force to co-ordinate REDD+ activities was set up, comprising representatives from the Ministry of Natural Resources and Tourism and facilitated by the independent Institute for Resources Assessment. The emerging institutional design for a national REDD+ suggest the lead agency will be the National Climate Change Steering Committee, comprised of permanent secretaries of 13 ministries. This committee reports to the Vice President's office, which has the mandate for climate related work. A proposed Carbon Trust Fund, or REDD+ Fund, will be linked to this office to manage any performance-based payments, although a proposal for a national benefit sharing system is still being developed. A draft national REDD+ strategy was written in 2009, and went through a process of revisions. A final REDD Strategy document was published in 2013.

The Norway REDD+ funding agreement placed emphasis on getting REDD+ ready through pilot demonstration projects. About USD 30 million of the Norway funds went to nine REDD+ projects, led by international and national conservation organisations. A further USD 20 million funded

research by Sokoine University of Agriculture, and USD 7 million went to the Institute for Resources Assessment. Thus, although Norwegian support for REDD+ is geared towards the establishment of a government-led national REDD+ scheme, almost all of the funds from Norway have been directed to non-government recipients. This design for REDD+ readiness was influenced by the lack of strong presidential support for REDD+ in the country, as well as efforts to deal with corruption in Norway's development aid programmes in the country for natural resource sectors (Jansen 2009).

It is perhaps unsurprising that Norway's evaluations of this support, undertaken in 2011 and 2013, have noted slow progress, lack of national ownership, as well as weak evidence that REDD+ has the necessary high-level political support. A similar conclusion was reached in a review of progress in developing REDD+ in Tanzania by the UN-REDD Programme: "Unless the international agencies provide additional support and the international negotiations can move beyond the current rhetoric it is unlikely that Tanzania and other similar countries will be motivated enough to invest much to sustain the complex process necessary to achieve REDD+ readiness" (UN-REDD 2013).

However, through REDD+ readiness activities there has been increased knowledge on the scale of the challenge. The National REDD Strategy lists various drivers of deforestation and forest degradation, including the expansion of small-scale agriculture and the unsustainable production of charcoal, with 95% of the country's population relying on wood fuel. According to the National Forest Resources Monitoring and Assessment project, the national deforestation rate is around 400,000 hectares per year, or a deforestation rate of approximately 1%. The majority of forests in Tanzania are dry land forests, known as miombo. This type of forest represents approximately 90% of forestlands in Tanzania, and covers 36% of the total land in the country (Malimbwi et al 2005).

2.1 REDD+ in the context of decentralization and community based conservation

The National REDD+ Strategy identifies decentralization of forestry as a key mechanism to achieve REDD+, although without a benefit sharing strategy it is unclear how this is intended to work. However, a commitment towards decentralized forestry for achieving REDD+ is important for the theme of this paper.

Tanzania has a long history with government decentralization. A review of the historical process will not be included here, but (briefly) the latest government approach is known as 'decentralization by devolution'. The structure of decentralized government today is based on a multi-tier system, whereby at the most local level, people are governed through village councils elected through village assemblies. Activities of village councils are vetted by ward development committees and ultimately approved by district councils. Critical assessments of government decentralization highlight that although village councils are downwardly accountable to village assemblies, they have very limited roles in collecting local revenues and taxes and are therefore highly dependent on district councils for funding, which are in turn dependent on central government resources (Smuker et al 2015). Positions of authority at both the village and district level are also highly conditioned by central party dictates, meaning that the extent of democratic decentralization is limited in Tanzania. There is also widespread concern over corruption and poor governance at all levels of decentralized government (Brockington 2008, Green 2010)

Through this context of decentralization by devolution, Tanzania has also enacted various reforms to shift power over natural resources to a more local level, referred to generally as community based conservation, or more specifically in the forestry sector as Participatory Forest Management (PFM). Just over 4 million hectares of forest in Tanzania is covered by PFM, which equates to nearly 13% of the remaining forest cover. Foreign donors have played a key role in establishing PFM, providing an estimated USD 30 million for community forestry since the 1990s (Treue et al 2014).

PFM, now governed through the 2002 Forest Act, works through two arrangements in Tanzania. One of these is Joint Forest Management (JFM), where the central or district government co-manages national or local government forest reserves with village governments. In this arrangement, revenues are collected by central or district authorities and should be shared with communities. Co-managed forests tend to be in the more bio-diverse mountain and coastal forest areas.

The second is through Community Based Forest Management (CBFM) where village governments have ownership and more direct control over forest reserves. This approach is more common in the less valuable miombo forests, which reflects a general observation about decentralization in forestry – that usually the state retains greater power over the more valuable forests and it is in less valuable or degraded forest where the state concedes to devolve more power (Ribot 2011). There are various forms of CBFM, including Village Land Forest Reserves that are managed and owned by the entire village, Community Forest Reserves (CFR) that are owned and managed by a smaller, designated group, and then Private Forests that are managed by individual households or landowners. In all of these cases of CBFM, revenue collection is transferred to the village or private group or household level, and in the case of Village Land Forest Reserves, village committees are able to establish by-laws and issue fines or penalties.

Despite what seem encouraging trends in Tanzania to expand CBFM, it is important to note that securing land tenure for rural communities remains an enormous challenge in the country. To put this in perspective, 82% of the rural population relies on agriculture for their primary income (Mugabi 2013). Yet by 2012 only four per cent of rural farmers had a land title (Cooksey 2013). Problems surrounding land tenure have become highly politicized, with an increasing reference to land grabbing by political and business elites, although this has been an ongoing historical process. There is a range of deep-rooted obstacles to effective reform of land tenure in Tanzania, including the highly cumbersome processes for making applications for land titles and competing land claims for the same areas. Information on land tenure, including demarcations for village land, is not comprehensive or well understood by many rural people (Mugabi 2013).

3. Prospects for government-led national REDD+ in Tanzania

The imperative for a national, government-led approach to REDD+ is that reducing rates of deforestation and degradation requires policy changes at the national scale. Thus, Tanzania continues to be funded on the path towards a national performance-based REDD+ initiative.

This is hugely ambitious. As Karsenty and Ongolo (2011) argue, although REDD+ attempts to compensate forgone opportunity costs for countries choosing to reduce deforestation and forest degradation, it is unlikely that the international community will be able to afford a payment system that can match the forgone opportunity costs from sectors that threaten forest clearance, such as agriculture, logging, mining and infrastructure development. Moreover, these authors argue it is unrealistic to imagine that in countries characterized by weak state capacity, weak rule of law and endemic corruption, central governments can respond to financial incentives to reduce deforestation or forest degradation if they wanted to. The logic of REDD+, including the importance of establishing *additionality* from an agreed 'business as usual baseline' requires an "unrealistic vision of states being able to operate a "stop and go" lever for deforestation" (*ibid*).

This pessimistic view does not represent mainstream thinking on REDD+. However, more recently it was expressed by a joint publication by the World Bank and the Nature Conservancy (Fishbein and Lee 2015) through a review of eight of the leading sub-national or jurisdictional REDD+ schemes currently in existence. Although the authors of the report remain optimistic about the future of REDD+, they nevertheless point out that success has been far less evident than was initially expected and there has been an impractical expectation placed on REDD+ to transform government behaviors. There has also been a collective failure to adequately understand the political economy that drives forest degradation and deforestation. The authors argue that there needs to be a re-think about the effectiveness of performance-based payments and they suggest far more aid is needed to help developing countries transition to better forest management *before* a performance based payment is viable.

Similar points were raised by an important study on REDD+ readiness progress by the World Agroforestry Centre, which again highlighted very weak progress in many REDD+ countries in terms of capacity building and developing REDD+ at the sub-national or local level (Minang et al 2014). This raises a number of issues for donors supporting REDD+: How much aid is needed to get countries ready for REDD+? Is it necessary to enforce conditionalities on recipient countries to stop them accepting aid without making any meaningful efforts to improve forest conservation? How long will this process take and does it undermine the basic starting point of REDD+ that governments will change behavior when compensated for lost opportunity costs?

Such debates are relevant to Tanzania. The extent to which the national government can reduce rates of forest loss is unclear, given that deforestation and forest degradation is largely driven by the subsistence activities of many million rural peasants through agriculture and the supply of wood fuel. That is not to say that government policies at the national and district level do not influence these behaviours, but rather the question of how the government can slow down this process, and without causing negative outcomes for rural communities, has yet to be addressed at sufficient detail in REDD+ planning processes. This is highlighted, for instance, through addressing sustainable charcoal production, estimated to be worth USD 650 million a year (World Bank 2010). Although this has been raised as a critical challenge for years, including through a World Bank project started in 2009, and again through the National REDD+ Strategy, the latest reports from World Bank experts on charcoal in 2013 (Sander et al 2013) present a dire outlook where the prospect of reducing unsustainable charcoal in the short to medium term seems slim. The fact that Tanzania has one of the fastest population growth rates in East Africa, coupled with rising urbanization and poverty, adds to this challenge.

3.1 REDD+ through Participatory Forest Management (PFM)

The National Strategy for REDD+ highlights that a key mechanism to achieve REDD+ lies with PFM. This is potentially progressive and will resonate positively with many organizations that support community empowerment in natural resource management. However, the performance of PFM in Tanzania has received mixed reviews, and there are many accounts of PFM that suggest it is not managed in a way that will lend itself easily to achieving REDD+.

A recent study of seven forests under CBFM and three under JFM showed that half were being managed unsustainably (Ngaga et al 2013). PFM forests close to urban centers, particularly Dar es Salaam, fared worst, suffering from encroachment and illegal logging. Other studies have shown that generally JFM forests do not generate significant local benefits, as access to timber and non-timber forest products in these co-managed areas is highly restricted (Mustalahti and Lund 2010). Similarly, while there is greater scope for income-generating activities from CBFM forests because they allow communities expanded user rights, these are often too small in area to meet local subsistence needs. Moreover, village councils face considerable obstacles to managing their forests because the central government requires prohibitively costly inventories to form the basis of management plans (ibid.)

Research highlights that PFM has a problematic history in terms of democratic ownership and benefit sharing. Brockington (2007, 2008) describes corruption and criminality affecting co-managed forests, with a lack of transparency in revenue collection and then re-distribution by district and local authorities. This has meant benefit-sharing arrangements between the state and communities under community forestry regimes has been a source of grievance and lack of trust, while Brockington also reports violence and threats inhibit people criticizing the status quo.

Bullock (2010) provides similar analysis through her research into CBFM in the East Usambaras forests. She also described the lack of accountability and financial transparency by village councils who control revenue collection. There are low levels of participation by forest dependent communities, and even the forest committees – the representative bodies that should lead forest management for village assemblies – are unable to gain information from village councils on fund management. The same author also noted that despite official policies of empowering women in CBFM, women still played a marginal role in decision-making processes.

Other research has described the reliance on external experts and consultants in establishing forest management plans, which do not take into consideration local knowledge and therefore undermine local ownership (Green and Lund 2014). More broadly, several commentators describe the problem in PFM caused by elite capture; whereby more wealthy or powerful people in communities assume leadership roles that inhibit the voice of more marginalized populations. This in turn means benefits from PFM can be unequally distributed. This remains a ubiquitous challenge to decentralized forestry worldwide, although Lund and Saito-Jensen (2013) argue that their research in Tanzania shows, in some cases, elite capture may diminish over time. This contrasts with other research from Uganda, Kenya, Nepal and India, which suggest problems of elite capture tend to become worse over time, and not better (Persha and Andersson 2013).

These various critiques of community-based forestry highlight the range of problems encountered where power is shared with communities, but where the transfer of power is undermined by existing

deficiencies and corruption in decentralized government, and by a reluctance of the state to let go of power entirely (Ribot et al 2011).

The case of decentralization and community engagement in wildlife conservation in Tanzania shows similar problems. Thus, whereas an official policy has been to increase the land for wildlife hunting and photographic safaris to include community-owned areas (Wildlife Managed Areas), district and central state agencies have often failed to redistribute promised revenues because of illicit rent-seeking behaviours by those in positions of power (Igoe and Croucher 2007). Several reports show there has also been a persistent problem of land grabbing, where community land has been sold off to private safari operators without prior informed consent of the people living in these areas, and at times through forced evictions (Nelson 2009 and 2010: Benjaminsen and Bryceson 2012, Gardner 2012). Over time, and given the increasing value of tourism and hunting, the approach to managing wildlife has been characterized by some as a process of re-centralization and government hostility towards peasant communities that threaten lucrative natural resources for elites. At the same time, Tanzania has witnessed many dubious transfers of state land into the private ownership of political elites and foreign business investors at a cut price (Cooksey and Kelsall 2011). Land therefore continues to be one of the most sensitive political issues in the country.

A view in Tanzania is that the process of devolving power for natural resource governance to communities has been misleading, and that centralized state agencies and other external actors, including private investors and conservation NGOs, have increased their penetration and control over the environment of rural communities through this process (Benjaminsen and Bryceson 2012, Death 2012).

Can REDD+ buck this trend? The hope is that it could become pivotal for improving land tenure for rural people and it may inject the extra cash needed to make PFM more successful. This would require enormous resources as well as expansion of CBFM, given that community-controlled forests cover only 10% of the remaining forests, and the government retains control over the remainder. It would require challenging institutional reforms to reduce elite capture and address democratic deficiencies at the local level that undermine CBFM, highlighting that secure land tenure is not a panacea in itself to improved forest management. Yet, as many commentators have pointed out, the paradox of REDD+ is that by potentially increasing the value of remaining forests, governments that are historically reluctant to devolve power in forest management may find that under REDD+ there is a greater incentive to recentralize (Sandbrook et al 2010, Phelps et al 2010). One study on land tenure and REDD+ in Tanzania noted that the National REDD+ Strategy sends out mixed messages as it does not recognize unregistered village lands outside reserved forests as being held under customary tenure arrangements, which should enable this land to be transferred to CBFM. This would be the situation according to the 2002 Village Act. Instead the strategy refers to unregistered land as ‘general land’ that will most likely be managed under JFM, and not CBFM (Doken et al 2014).

Therefore, for those concerned about the experience so far with community-based conservation in Tanzania, the addition of REDD+ may amplify problems rather than help improve the situation (Smuker et al 2014). Unfortunately, the progress in developing national REDD+ has been noteworthy for its lack of participation and integration of district and local level government. Although REDD+ has been developed in the country for over five years, decentralization in REDD+ has shown very limited signs of progress (UN-REDD 2013).

3.2 Corruption concerns

There are further related considerations for the future of a national performance based REDD+ scheme. One area that has surfaced as a point of concern among civil society organizations in Tanzania is the extent to which the nationally controlled REDD+ Trust Fund will be managed responsibly and efficiently (TNRF 2011). There is apprehension over the ability of the central government to distribute these funds given past experiences of corruption and mismanagement of similar state funds, such as revenues from co-managed wildlife and forests. Indeed, there is ample evidence that shows how corruption at both local and central levels in Tanzania has been a persistent characteristic of the country's political economy (Cooksey and Telsall 2011).

The discovery of rent-seeking and fraud within a Norway funded programme for natural resource sector development in Tanzania in the 2000s (Jansen 2009), is considered by some to have contributed to the decision of Norway to give greater emphasis to a non-government led project based approach in getting REDD+ off the ground in Tanzania. This contrasts with the approach adopted by Norway in Guyana, where a bi-lateral agreement for REDD+ signed a year later was for a government-led national REDD+ regime. Familiarity with corruption risks in the local context, as well as a lack of obvious high-level political support for REDD+ in Tanzania (evident in Guyana) may explain the different approach to REDD+ design.

In the past, some observers have argued that Tanzania's worsening reputation during the 2000s for corruption was caused by greater political competition, media freedoms and civil society awareness, meaning corruption became more visible and perhaps not more widespread (Nelsen et al 2012). Nevertheless, during the past few years, corruption scandals have persisted, and Tanzania has dropped down on various international indexes on corruption and good governance (U4 2014). Most recently, in October 2014, several bi-lateral donors suspended their budget support to Tanzania due to the alleged theft of USD 122 million by high-ranking officials from the Central Bank of Tanzania, which later implicated the Prime Minister.[1] This case involved fraudulent contracts in the energy sector that allowed public money held in an ESCROW account to be directed to off-shore bank accounts. Corruption in the energy sector has been on-going for many years (Cooksey and Telsall 2011), exacerbating energy provision challenges in the country, which in turn may help explain the reliance on wood fuel for household energy supply.

It is not necessary to dwell on the evidence and examples of corruption in Tanzania, but given many commentators consider it to be systemic, REDD+ (if it were to generate performance-based payments) could become another vehicle for illicit rent-seeking. Corruption is mentioned only briefly in the National REDD+ Strategy. Moreover, there is no elaboration in this strategy on how REDD+ may be at risk from corruption or what could be done to counter corruption risks.

The UN-REDD Programme provides support to countries in developing an anti-corruption policy. This may happen in the future in Tanzania, although the impact of anti-corruption guidance by donors

[1] The Guardian Newspaper, "UK and international donors suspend Tanzania aid after corruption claims", October 14th, 2014: http://bit.ly/1ES19hz

can only be limited, depending largely on the extent that host country governments are able and willing to respond to recommendations. Nevertheless, some of the corruption risks in revenue management in REDD+ could be reduced by a combination of public access to information and robust auditing. There is well-organized civil society in Tanzania working on REDD+, so we should expect REDD+ revenue management to be a subject exposed to careful public scrutiny. Moreover, it is possible that the management of a REDD+ Trust fund could be given to an independent third party, as is the case in Vietnam. Whether Tanzania will consent to this loss of sovereignty in allocating REDD+ funds is unknown, and there is an understandable unease among non-state actors and communities that beyond the problem of embezzlement and fraud, the central and district government will not be able to administer REDD+ funds efficiently and without cumbersome bureaucratic delays. In addition to this, continuing corruption scandals in the country could undermine confidence by donors and investors to engage in REDD+ in Tanzania.

3.3 Policy coherence

The feasibility of a national REDD+ scheme depends on developments in other principal economic sectors. This is the case for agriculture, which remains one of the most important sectors influencing forest degradation and deforestation worldwide (William et al 2014). Agricultural policy can have a positive impact on REDD+ through the expansion of agro-forestry for example, although typically it does not (Minang et al 2014).

A troubled relationship between agriculture and REDD+ was exposed through the expansion of bio-fuel plantations in Tanzania from 2005. There was a speculative frenzy led by European firms, which led to land requests covering four million hectares, including in forests (Nelsen et al 2012). About 640,000 hectares were transferred to foreign investors by 2009, including land classified as village lands (*ibid*.). Some of these deals became the locus of popular national and international protest due to the displacement of peasant communities based on unrealistic promises of benefit sharing and jobs, while the ecological legacy has been dreadful on forests and other ecosystems (Sulle and Nelsen 2009). Most of these ventures have subsequently collapsed due to a declining market in Europe for bio-fuels, yet problems surrounding land tenure on bio-fuel sites persist. In consenting to the deals, communities have had their land permanently transferred from village lands to government lands, and are struggling to win back their land rights. As Nelsen, Sulle and Lekaita (2012) explain:

"When foreign companies acquire land for investment purposes, local communities' rights are permanently lost, even though the land may not be used by the investor as planned. As such, the local communities have been put in a position by this land acquisition process whereby they bear the bulk of the risks associated with these speculative commercial investments, in that they are the ones who permanently lose their key livelihood assets (land) without countervailing developmental benefits should the investments fail."

Alongside the bio-fuel issue, which may have subsided for the time being, is the initiative 'Kilimo Kwanza' (Agriculture First), launched in 2009. As Cooksey (2013) describes, national agriculture policy in Tanzania is highly complex and several parallel initiatives coexist with lack of government co-ordination. Yet Kilimo Kwanza is gaining prominence and aims to overhaul food production by increasing foreign investment in large-scale capital-intensive agriculture and to modernize peasant food production systems through new out-grower relations.

A focus of Kilimo Kwanza lies with the Southern Agriculture Growth Corridor of Tanzania (SAGCOT); an area of land covering about a third of the country (37 million hectares) that is set for ambitious increases in agricultural production, with government estimates suggesting arable land in SAGCOT covers at least 7.5 million hectares (SAGCOT, 2011). At the core of Kilimo Kwanza strategy for SAGCOT is substantial public-private investments, predicted to rise to over USD 3 billion. More than 20 corporate investors are partners in the scheme, including some of the largest farming and fertilizer corporations in the world, such as Yara from Norway and Monsanto from the US. Several development agencies are also supporting the establishment of a SAGCOT Centre and financing the SAGCOT Catalytic Fund that aims to reach USD 100 million. The World Bank is the largest funder, providing a USD 65 million loan, followed by USAID, Norway and the Bill and Melinda Gates Foundation, although the project is also supported by the UK, Japan, Denmark, Finland and the FAO. REDD+, in contrast has almost no private sector engagement in Tanzania, and is not supported by a similar long list of donors.

Those critical of these developments highlight the potentially negative impact on subsistence farming and pastoralism that will be an outcome of increased corporate farming in this region (Bergius 2014). This will lead to further pressures on land, dispossession of common pool resources and possible transfer of subsistence work into wage labour through out-grower arrangements. Furthermore, the increased agricultural output could be channeled into export crops, thereby having a minimal impact on improving national food security (Smuker et al 2015).

There are also widespread concerns in the context of insecure land titles (only 4 per cent of farmers having formal land titles) that SAGCOT will usher in a new round of land grabs, which will benefit both foreign investors and their national partners from political and business elites (Cooksey 2013, Berguis 2014). The initial development of the SAGCOT was done with negligible community participation (Berguis 2014). Moreover, large scale farming and modernization of technologies could have negative impacts on surrounding ecology, while related infrastructure, migration of workers and rising competition for land and resources may increase pressures for unsustainable forest uses. As is observed all over the world where these transitions to capital intensive farming take place, “large commercial deals typically involve the transition from multiple land uses, intercropping and low level use of forest products to forest clearance and mono cropping.” (Hall 2011).

The development of SAGCOT therefore raises important considerations on policy coherence in the context of REDD+. UNDP and the Prime Minister’s Office for Regional Development and Local Government have developed a capacity building plan to try and mitigate negative social and food security outcomes based on civil society concerns, although the links with a national REDD+ strategy have yet to become evident. As many of the critics of SAGCOT argue, the alternative path to transforming agriculture that supports livelihoods and ecology, which in turn may synergize with REDD+, lies not with safeguarding the negative outcomes of corporate agribusiness, rather with support to small-scale peasant farming informed by agro-forestry or agro-ecology (Berguis 2014, Smuker et al 2015). Yet government and corporate interests favour a narrative that depicts peasant farming as ‘backward’ and incapable of meeting food security needs of the country (Berguis 2014).

3.4 REDD+ amidst a resource boom?

While the primary concern of policy coherence lies with agriculture, it is worth noting that the country is also set to experience a resource boom, largely due to the discoveries of off-shore gas, but also other onshore discoveries of precious metals and minerals that will add to its historically important gold mining sector. In this respect, Tanzania is similar to many other REDD+ implementing countries in the region, including Mozambique, Kenya and Uganda. This poses direct threats to some forest areas and there has been rising national and international concern over the expansion of prospecting for uranium throughout the country. This includes in Selous National Park where boundaries were re-drawn to allow 350 km^2 to be set aside for mining.

However, the impact of a resource boom on REDD+ in Tanzania may be felt through less direct processes. A theme worthy of more reflection is whether expanded incomes from extractive industries weakens political interest in REDD+, given that the monetary incentive offered by REDD+ is dwarfed by extractive industry revenues. There is also growing concern that Tanzania will slide towards the 'resource curse', caused by a high dependency on extractive industry rents for national government budgets and characterized by worsening democracy and higher levels of government corruption and factionalism. If Tanzania moves in this direction, it will become increasingly difficult to expect donors and multilateral organizations to continue to support the central government through expensive and uncertain investments in forest conservation. A project-based approach could become more attractive.

In sum, it is evident that the idea of a government-led national REDD+ initiative in Tanzania is extraordinarily ambitious. The challenges facing the central government in putting in place a system to reduce deforestation and forest degradation beyond 'business as usual', and administering a benefit sharing system that safeguards the livelihoods of marginalized communities, are daunting. A national REDD+ strategy would require strong high-level political leadership and private sector support, and it most likely requires changes in policy that would go against the grain of existing development strategies, particularly in agriculture.

4. The viability of a project based approach in Tanzania

For the time being REDD+ in Tanzania is dominated by the activities of non-governmental actors through demonstration projects. This project-based approach has some strengths as a way to get REDD+ up and running. Projects are quick to start, they can be focused on community-based activities, and they help raise awareness on REDD+. But are these demonstration projects effective and, perhaps more importantly, what is their role in helping to scale-up REDD+?

Whether the various REDD+ projects have been a success or not remains difficult to assess. There is no expectation that the REDD+ demonstration projects are capable of making a significant impact on national rates of deforestation and degradation. They are simply too small and were not developed with this objective in mind. Furthermore, one of the well-established weaknesses of stand-alone REDD+ projects is leakage. It is impossible at the moment to demonstrate this empirically in Tanzania, but an assumption is that if REDD+ projects succeed in reducing deforestation and forest degradation in one location, it is likely that the overall impact is negated by an increase in unsustainable forest exploitation somewhere else. This is a problem that will be less evident for reforestation projects than it is for avoided deforestation/degradation projects. This criticism of project leakage is often used as a reason for favouring a national approach. However, leakage can exist at the regional and international level as well. This is particularly important in East Africa where timber and charcoal trade crosses borders in all directions, and there is an important market in East Africa for timber originating from the Congo Basin as well as South Sudan, Mozambique and Malawi.

Two of the Norwegian funded REDD+ projects have ended prematurely due to a failure of project accounting that suggest mismanagement of the project and project funding. Efforts are underway by the government of Norway to pursue missing funds if caused by corruption, although these cases are ongoing and have yet to be resolved. They may be used by pessimists as evidence for the moral hazards of REDD+ projects amid a rush to get REDD+ up and running. However, the problems seem more general to development aid projects, rather than specific to REDD+. It is also positive that problems of missing funds and failure to deliver project outputs are picked-up through the evaluation process. Further information on corruption in REDD+ and the effectiveness of all the projects will be provided through an in-depth independent assessment commissioned by Norway, to be presented in 2015. Nevertheless, REDD+ projects in Tanzania have been subject to several rival independent analyses, and these highlight a number of challenges experienced by demonstration projects, although it is premature to reach any conclusion on overall impacts.

4.1 REDD+ projects and the rights of communities

The primary theme of several negative reviews of REDD+ projects deals with community rights, and the socio-economic impacts of REDD+. Beymer-Farris and Basset (2012) provided a highly critical account of REDD+ projects in Tanzania, arguing these represented a shift towards ‘fortress conservation’, marginalizing local forest dependent communities. They drew on research from the Rufiji Delta, where they described efforts at mangrove forest conservation led by WWF as part of REDD+ readiness, have contributed to forced evictions of peasant rice farmers by the state. The authors described how the REDD+ project was building on the JFM approach to forest management, but argued this case study was “a cautionary note for any REDD+ project modeled after

a decentralized forestry scheme that is not decentralized in practice." In an article published in *Global Environmental Change*, WWF refuted the claims made by Beymer-Farris and Basset, arguing their report was based on misinformation and that it unfairly characterized the work of the organization in Tanzania (Burgess et al. 2013) Beymer-Farris and Basset (2013) reiterated their arguments in a further article in the same journal, emphasizing that the work of WWF and other REDD+ project developers has conformed to environmental narratives that unintentionally marginalize the land and livelihood rights of peasant communities.

Other critical reports on Tanzania's REDD+ projects focus on participation and free prior and informed consent, as well as the claims made by some projects for achieving 'co-benefits'. Bolin and Tassa (2013) studied the development of a REDD+ project in the Angai Village Forest Reserve and highlighted the lack of knowledge on the REDD+ project among participating communities, and a failure to anticipate elite capture.

Similarly, Mustalahti and Rakotonarivo (2014) revealed shortfalls in methods of empowering marginalized communities in REDD+ projects in the MJUMITA/TFCG REDD+ project, known locally as "Mkuhumi". Their research described that despite considerable efforts by project developers, the process of gaining free prior and informed consent among people living in participating villages was achieved without basic knowledge on what the costs and benefits would be and when these would be realized, and that a minority of people attended inception meetings. This REDD+ project also provided a trial payment to community households, but this was, in the authors' view, too small to change behaviours towards greater forest conservation. Furthermore, unlike other payments or income from forest use, the trial carbon based payment was sporadic, which would place the poorer sections of the community in a precarious situation if they are expected to be dependent on these payments.

Mustalahti and Rakotonarivo raised further concerns about the power of locally elected authorities, and that external experts predominantly led decision-making. The district authorities showed no interest in monitoring the situation or intervening in disputes, which occurred in 2013 over land demarcation. Given concerns about land tenure in Tanzania, the authors also reported anxieties among some community members that through REDD+ they were transferring rights to foreigners and NGOs. Their account of a democratic deficit under the REDD+ demonstration projects mirrors the problems of community based forest conservation that have been observed for many years in the country. It also highlights that if REDD+ is to build on existing decentralized approaches to natural resource governance, it will take an enormous effort to avoid existing weaknesses in accountability and benefit sharing.

Benjaminsen (2014) provides a complimentary account of the REDD+ project developed in Zanzibar, led by CARE International and the Tanzanian Forestry Department. The historical context is one where the forests had been exploited for many decades by local and government elites, and before then by the British colonial government. Local residents initially greeted REDD+ as a way of repossessing lost community land, although it became apparent that the REDD+ project would fail to address local wishes entirely. Village committees engaged in various forms of resistance and compromise, although the process of community consultation is again depicted as one of limited participation and actual devolved decision-making power. Three days of discussions were made available to local committees to decide on a contract that would last thirty years, and village level

committees "seemed to have been invited into a process that in principle already had been planned and decided upon".

4.2 Project accountability

The strength of participation and benefit sharing are considered in the more technical evaluations of the REDD+ projects funded by Norway, although so far evaluations have returned a more favourable picture for most of the projects than is presented in some academic studies. For example, in contrast to Benjaminsen's research of a REDD+ project in Zanzibar, Deloitte was commissioned to undertake a mid-term review of the project and described that the "general attitude of the people towards the project is positive and very welcoming".[2]

Contrasting views on the outcome and management of REDD+ projects is a recurring theme in REDD+, and highlights the enormous challenges facing funders in undertaking acceptable project evaluations. Academic studies come with potential biases and methodological flaws, meaning they cannot be relied upon as superior assessments. However, there are also potential weaknesses in official evaluations, being based on brief fieldwork visits coordinated by project developers. For example, an evaluation of a REDD+ project being implemented by the Jane Goodall Foundation, commissioned by Norway and undertaken by a consulting firm from New Zealand, Indufor, was based on an 'in-country mission' that lasted 10 days (Indufor, 2014). There were four one-day workshops pre-arranged by the Jane Goodall foundation attended by the project developers and village leaders. The evaluation team (ET) gave an overall positive assessment. However, the evaluation noted that new restrictions introduced by the project on forest access for local communities have negatively impacted some communities:

"Negative unexpected impacts included the stakeholders' perceptions around the changes on their economic activities due to the forest conservation efforts and the negative impacts this has represented in their livelihoods. The ET was made aware in one of the sessions that some stakeholders, particularly from the Sunuka and Songabele villages which are closer to the project area, considered they were displaced from the forest lands. Their view is that they have lost land they used for farming without sufficient compensation. The negative perception of the project was somehow resolved through the project's implementation of income generating activities, although the new income does not compare to that of the previous forest activities like charcoal-making" (Indufor 2014).

The evaluation was unable to offer more insight into these potentially critical dynamics, although it concluded by contradicting itself: "The project achieved important outputs that demonstrated positive impacts on the livelihood of the participating communities by creating opportunities for income generation from alternative activities other than those that cause deforestation and forest degradation". Yet it is doubtful that the methods of research used to evaluate the project was anywhere near sufficient to allow marginalized people to voice concerns without worrying about the potential repercussions. Other anomalies in the positive evaluation included that there was little proof that the project would be sustainable as it has not generated any income from carbon trading, alternative

[2] See Deloitte's review available on the Norway website for Tanzania: http://bit.ly/1FF7Ccr

income sources were not providing significant money for communities, new technologies (android phones) introduced for forest mapping by communities were lost or inappropriate because local people did not have access to reliable power supplies, and that the project was donor dependent, and further donor funding was not secured. Despite detailing these doubts over project sustainability, the evaluation ended up giving a 'moderately likely' score on sustainability, as opposed to choosing one of the other two options, being 'moderately unlikely', or 'unlikely'. It should be expected that the more in-depth assessment of the Norway funded REDD+ projects will give a better insight and overcome some of the more obvious methodological challenges of undertaking project evaluations.

However, the issue of evaluation and verification of results reveals more fundamental problems for REDD+ projects. At the moment, the Norway funded projects are evaluated through traditional donor approaches. If these projects move towards carbon trading, which some are trying to do, then they will be registered for trading credits through one (or more) of the international standards, such as the Voluntary Carbon Standard (VCS), the Climate, Community and Biodiversity Standards (CCB) or Plan Vivo. There is much written on the limitations of these standards and how they are applied in practice (Swedish Society for the Conservation of Nature 2013). Project developers choose and pay for their own auditors from a list of pre-approved companies. These accredited auditors are nearly always foreign to the context in which the audit takes place, and the marketing of their services to project developers could be undermined by a reputation for failing too many. The situation becomes more problematic where project developers are themselves involved in establishing and funding the standards being used to evaluate their own projects. This is the case, for example, in the REDD+ demonstration project in Zanzibar implemented by CARE International, which is also being evaluated through the CCB Standards. Care International is one of five members of the Climate, Community and Biodiversity Alliance that created and oversees the CBB. This is not a good model for robust accountability.

4.3 Selection bias and the nature of private investments

While issues of community empowerment and benefit sharing remain the primary concerns of academics studying REDD+ projects, a further concern relates to how REDD+ projects were chosen. This is important as most REDD+ projects in Tanzania are intended to demonstrate the feasibility and desirability of REDD+. There is a growing interest in understanding why project developers choose certain places for REDD+ projects. In Kenya, for example, research has mapped REDD+ projects according to their location in low, medium or high vulnerability areas (Atela et al 2014). Vulnerability is defined using a range of indicators relating to poverty, food security and climate. The results showed that the vast majority of REDD+ projects were located in low vulnerability areas, and there were no REDD+ projects in high vulnerability areas.

Complimentary research in Tanzania has tried to establish a method for identifying the most suitable areas for REDD+ projects, and reported that existing demonstration projects tended to be found in less vulnerable areas, and where gains from REDD+ may not be so obvious (Lin, Sills and Cheshire 2014). The researchers described that the choice of project location was informed largely by prior experience with conservation activities in that area, pre-existing connections with local communities and leaders, or the expected appeal to donors. This suggests "the limitations of implementing REDD+ through projects and caveats on what can be learned from those projects for the development of a national REDD+ system" (ibid).

A similar view was expressed through another research project in Tanzania that considered land tenure issues for REDD+ demonstration projects (Dokken et al 2014). The authors described that, in many of the villages where REDD+ projects are demonstrated, forests were already managed well. Moreover, the selection of REDD+ projects contained many where land tenure was relatively secure, which is unrepresentative of the situation in the country. At least two proposed projects for Norway funding were dropped at an early stage when project developers realized that land tenure and local conflicts would be too difficult to overcome. The authors of this research pointed out that choosing easier areas is understandable for project developers, yet the choice of projects raises concerns about *additionality* – it is difficult to establish how the project was responsible for improvements beyond a business as usual scenario, given that there were encouraging signs of responsible forest management before the project started. Moreover, the authors also questioned the extent to which demonstration projects could provide insights into scaling-up REDD+ in more difficult areas.

These are important observations for deepening our understanding of political economy challenges for REDD+, including corruption, because demonstration projects may give misleading insights into problems that may become more apparent if and when REDD+ is scaled-up and is expected to work in more demanding environments. Alternatively, this reveals a problematic tendency of REDD+ projects, whereby investments in REDD+ will bypass the more difficult and potentially deserving communities, because they are not amenable to generating REDD+ profits for developers and investors. This is not a surprising dynamic for an approach to REDD+ where project developers are seeking monetary returns on their investments.

To increase our understanding of the feasibility of REDD+ via demonstration projects, a different methodology is required that would cover a more representative range of political and social environments. Without this, the lessons learned may not be adequate or reliable.

4.4 Project sustainability and scalability

Demonstration projects have a peculiar status. It is unclear in many countries whether they are meant to continue as stand-alone projects after their period of being a demonstration activity has lapsed, or whether they will be integrated into a national scheme, or simply fade away.

What remains unknown is how many of the projects in Tanzania will continue to exist given that Norwegian funding has ended. As noted already, there are doubts that some demonstration projects can become self-sustaining, and this may be an important insight from Norway's ongoing assessment. Some of the projects have started the process of verification and validation for trading carbon credits on voluntary markets, which would suggest they have the objective of transitioning into stand-alone REDD+ projects linked to market-based payments. Several others are not at this stage and there are barriers to making this transition. One of these is the high cost involved in generating scientific data and paying for the auditing process. Another problem is that the existing demand for carbon credits is inadequate to receive more projects, and the price paid for carbon credits is much lower than it needs to be.

The price paid for carbon is considered an international problem for the scalability of REDD+ projects. It may be especially problematic in countries such as Tanzania. Forests with higher biodiversity and dense tree coverage are more valuable in terms of their CO_2 price than dry land

forests, which make up 90% of forests in Tanzania. Hofstad and Araya (2015) argue that to make REDD+ viable as an incentive for reduced forest degradation in miombo woodlands in Tanzania, the price of CO_2 would have to be significantly higher than current international prices. The REDD+ project run by Wildlife Works Carbon in Kenya shows that REDD+ is feasible in dry land forests (Bernard et al 2014). However, as this example shows, to be viable, REDD+ projects in dry land forests have to achieve economies of scale to overcome this lower price of carbon, increasing the difficulties of making it available for smaller communities or in areas where intra-community relations may be strained.

The problem of scalability is further revealed when considering the accessibility of projects to different actors. REDD+ projects are difficult to develop by CBOs working in isolation. They require an investor or donor to cover transaction costs, and knowledgeable people with resources to navigate donor requirements or work with international consultants and verification bodies, as well as REDD+ credit trading partners. NGOs or private companies that are vertically integrated into carbon markets (handling their production and selling) have a competitive advantage. As it is, the REDD+ project model is simply not accessible to civil society organizations in poorer countries such as Tanzania. Although there is a great deal of attention on ensuring communities have 'carbon rights' to allow them to engage in carbon trading and protect them from unfair benefit sharing, this fails to acknowledge that the only tangible assets stemming from such rights is the carbon credit, which is awarded to the actor that invests in activities that demonstrates a change from business as usual (Karsenty, Vogel, Castell 2014).

What is more, carbon trading is not simply about quantity, it also allows for competitive advantage in the quality of credits; organizations increase their ability to sell credits through effective marketing and demonstrating better standards than others, leading to 'gold' standards in carbon credits, for example. REDD+ therefore requires partnerships between CBOs and international NGOs or private carbon investors, and it encourages competition between credit producers that would not favour smaller, less market-savvy organizations. For REDD+ to reach the necessary scale through a project-based approach, this would involve an enormous transfer of power and responsibilities away from communities, irrespective of whether they had carbon rights or not.

In sum, although projects are chosen to demonstrate REDD+ in Tanzania, there are several limitations to relying on the project based approach as an effective means of achieving REDD+ at a larger scale. In this respect, the role of demonstration projects is ambiguous. Are they intended to demonstrate lessons so that others can expand the number of REDD+ projects, or are they intended to demonstrate the ingredients of success that could pave the way towards a government-led national REDD+ scheme? If it is the latter, considerable differences between a project-based approach and a nationally based approach makes it hard to transfer lessons from one to the other.

5. A nested approach for REDD+ in Tanzania?

The proceeding analysis attempts to describe the challenges facing both a national, government-led REDD+ scheme in Tanzania, and a REDD+ approach in the country based purely on projects. Nether seems feasible in isolation. Angelsen et al (2008) describe that an international agreement for REDD+ that includes only a national approach to REDD+ risks excluding many poorer countries because of their poor levels of governance, while a purely project-based approach is not ideal either, because it suffers from leakage and is unlikely to address the challenges of deforestation and degradation at the appropriate scale. So the solution lies with developing a system where projects can co-exist with a national scheme through what is commonly termed a 'nested approach'. As the authors recommend, "the nested approach therefore provides flexibility and an appreciation of the diversity of national circumstances". According to many organizations, this nested approach is not only preferable to a national or project-based approach, it is unavoidable given the slow development of REDD+ at the national level (Conservation International Peru, ND). The preference for a nested approach is also voiced by many civil society organizations in Tanzania (Tanzania Forest Working Group 2012).

The details of how a nested approach will work in countries such as Tanzania when an international agreement for REDD+ is finalized remain sketchy. Angelsen et al (2008) and Pedroni et al (2009) describe that it would permit REDD+ to be established at lower units of scale in a way that would allow national governments more time to develop a national accounting system. It was envisioned as a temporary phase or stepping-stone, and that "transition to a national approach would be mandatory, either within an agreed time frame or when an agreed percentage of forest area is covered by REDD projects, whichever comes first" (Angelsen et al 2008). More common now, however, is a vision of an international system whereby projects can exist as autonomous entities generating REDD+ credits alongside a national scheme in a permanent arrangement. A nested approach is no longer simply about getting REDD+ going, but designing a system that allows government and private sector interests to endure harmoniously. Most advocates of this approach describe that achievements made by projects will be factored into a national accounting system, and projects will either be paid for their carbon credits from a national fund that receives international payments, or will be able to trade credits through international markets. Allowing different streams of financing is part of the flexibility of the nested proposal.

5.1 Nesting or uncoupling? The challenges of combining projects with a national REDD+

Although the nested approach is presented as a solution to overcoming shortfalls with both the national approach and the project approach, there are several technical and governance problems with this solution that are not given sufficient attention by its supporters.

One straightforward challenge is that the current approach to measuring carbon credits for projects is more generous than seems likely for an international agreement. This is evident, for example, through studies being undertaken at the moment that compare the method used by VCS in projects in South

America, with the method of establishing a baseline and reference level in bi-lateral performance based agreements, such as the agreement signed between Norway and Guyana.[3] This research shows that if REDD+ projects are to be nested within a national accounting system, then they will probably experience a reduction in both the quantity of carbon credits generated and possibly a decrease in price paid for these. Many existing projects may not survive the transition.[4] However, there may be more fundamental problems facing the nested proposal.

Risk management

A more complex risk lies with nesting projects in a national MRV system. The problem is now well recognized. It involves the scenario where a project succeeds in achieving positive results, while rates of deforestation and forest degradation at the national level remain the same or worsen. This scenario is highly likely to present itself in many implementing countries such as Tanzania.

Early advocates of the nested approach did away with this dilemma by saying projects should remain viable for payments through international markets irrespective of national achievements (Angelsen et al 2008). Yet by decoupling the success of projects from the success of a national REDD+ scheme there is a hazard that projects would no longer be a positive force to help establish a national REDD+, which most people agree is the ultimate objective of the REDD+ initiative.

Proponents of a nested approach have attempted to come up with other solutions to overcome this issue. The most elaborate effort was presented by the Nature Conservancy (Cortez et al 2010), which remains one of the most detailed documents on how to manage risk for project developers under a nested system, and is relied on by other leading environmental NGOs and carbon trading think tanks (Chagas et al 2011). They propose various potential solutions, broken down into five ideas.

The first is that REDD+ project developers could purchase insurance policies (see also, Deheza and Bellassen, 2012) These could protect the project developers and their investors against losing credits in the event of national failure to meet REDD+ targets. However, it is not clear whether REDD+ projects could afford such insurance policies, or who would be willing to sell them. One suggestion is that something similar to Multilateral Investment Guarantees (MIGs) or Partial Risk Guarantees (PRGs) that are provided by the World Bank to encourage foreign investment in developing countries could be established for REDD+ projects.

The second idea is for countries to establish a ‘performance account’ for REDD+. During good times, governments and projects would save revenues from REDD+ into this central account so that there is a fund available to compensate projects if and when national achievements for REDD+ stagnate or drop below reference levels. This assumes that countries such as Tanzania would have a number of good years to begin with. It is also moot whether both the government and project developers would

[3] Personal communication with Bruno Guay who is currently undertaking research in South America to illustrate this argument empirically, and has asked the author not to share the results before this study is published.

[4] Alain Karsenty (pers.com.) describes a similar set of issues in the DRC, to be described by him and coauthors in a forthcoming publication.

consent to forgone revenues to cater for the possibility of projects not being paid in the future because of government failure to meet REDD+ objectives.

The third idea is that non-performing governments would be able to purchase 'top up credits' from other performing countries to be used to pay projects. This assumes governments would want to bail out projects and it would introduce a confusing additional layer to international carbon trading.

The fourth idea would involve national governments entering into a contract with project developers, which includes a legally binding clause to purchase all of the credits from projects if the country fails to meet its targets. The use of an ESCROW account, such as those used to protect investments in Independent Power Projects across Africa, is suggested by the Nature Conservancy as a means to save for this. Not only is this unlikely, but given the current scandal of officials and private investors fraudulently removing money from a government ESCROW account in the energy sector, this seems particularly inappropriate for Tanzania. It also highlights the vulnerability of financial fraud in these types of arrangements.

Finally, projects could be compensated by the establishment of a new Global Fund through a tax on all payments to projects and national REDD+ schemes. Again, the feasibility of this happening seems slim, and it is unlikely that national governments and projects would support an additional tax on REDD+ revenues to compensate projects in other countries where REDD+ is failing.

The Nature Conservancy further suggest that countries and investors should be encouraged to devise their own approaches to mitigating risk, and that they envisage a process in which innovative strategies could encourage greater competition: "Allowing for each government to structure its own approach to managing nesting risk will help create a competitive environment for promoting sub-national participation and attracting private investment. Additionally, private investors may compete within this context to take on more risk".

The solutions to overcoming a core problem in nested REDD+ are all extremely unlikely. Collectively they highlight how, under a nested approach, projects and a national REDD+ scheme are likely to co-exist in an antagonistic relationship, where one sees the other as a source of risk to be mitigated against, potentially requiring litigation and the involvement of legal professionals. This would weaken, or nullify, the potential for those engaged with projects to put pressure on the national government to successfully undertake REDD+ activities. Moreover, the envisaged rise of competition in risk management, and therefore speculative investments, would seem most inappropriate for an international initiative designed to reduce deforestation and degradation, while also promoting poverty alleviation. The biggest challenge facing a nested approach to REDD+ has yet to be resolved.

The dilemma of double accounting

A further obstacle to a nested approach lies with the concept of double accounting. A straightforward source of abuse would be the incentive to engage in double payments, whereby projects access funds from the private market while also receiving funds from a national fund. This would be easy to counter through transparency measures and audits. But the more difficult challenge with double accounting lies where actors at different levels make competing claims about their actions. Conservation International (ND) recognize this problem but suggest it can be easily rectified through

transparent accounting and a national REDD+ Registry that would establish who was responsible for what achievements. This bypasses the key point of the double accounting dilemma; that it may not be possible to disentangle activities and outcomes through a technical accounting system.

For example, if the government of Tanzania put in place a scheme to reduce charcoal consumption in urban areas this would have a positive impact on a nearby REDD+ project, because it would reduce the demand for charcoal produced in that forest. Likewise, if a project produces sustainable charcoal through a reforestation project, it will help alleviate demand for unsustainable charcoal from elsewhere in the country, which in turn would impact upon country-wide statistics on forest degradation.

Under a nested approach, we may therefore see competing claims and disagreement between different levels on whose actions caused positive or negative outcomes, and therefore who is deserving of financial reward. The problem is not evident in a national system, or a purely project based system, but stems from a situation where independent entities are vying for independent rewards, albeit each working through activities that will have impacts on multiple scales, and not necessarily confined to project boundaries. One can imagine an amicable way of addressing this based on compromises, but also how, when a nested approach is implemented, this will become a subject of tensions and criticisms between project developers and national or district authorities within countries.

A national funding mechanism

Finally, a considerable challenge in the nesting approach lies with the scenario that project developers will have to depend on receiving payments from a nationally controlled fund, such as the one proposed in Tanzania. Some projects may be allowed to bypass this fund and therefore access funding from international markets, but if they are allowed to do this then their REDD+ achievements would be subtracted from the national accounts, which seems incoherent for a nested approach if this aims to support a national REDD+ scheme. For the rest of project developers unable to access international funds, their payments would be administered by a central agency. This aspect of a nested approach is no different from the risks in fund management evident in a nationally controlled REDD+ as indicated earlier in this paper. A view among project developers in Tanzania is that moving from a situation where their funds are being paid by donors or through an international carbon trading system, to a payment system administered by the government, would have high risks of bureaucratic delays, as well as the requirement to pay additional fees.

In sum, on closer inspection existing ideas on how a nested approach to REDD+ could work raise considerable doubts, and the nested approach does not represent a solution to the political and governance challenges faced under either a national or purely project-based approach. Indeed, existing recommendations on the nested approach introduces new challenges to do with risk management and double accounting, and therefore do not offer an alternative to projects or the national approach. The idea of ‘nested REDD+’ is a vague attempt to work out how the central government and private interests may co-exist uncoupled from each other.

5.2 An alternative view on nested REDD+?

Although representing a small minority, there are some who approach the idea of nested REDD+ from a different set of interests, which leads to contrasting policy recommendations. For example, several leading academics on REDD+ and indigenous people's rights wrote a paper in 2010 advocating for a nested approach to governance and decision making as a central ambition for making REDD+ acceptable (Sikor at al 2010). By this they mean that more attention must be given to ensuring REDD+ is based on empowering and integrating local communities into decision-making processes and putting the rights of forest communities at the forefront of REDD+.

Kashwan and Holahan (2014) take this idea on nested REDD+ further. They also argue that existing reference to nested REDD+ overlooks the literature on nestedness emanating from studies on governing large-scale common pool resources and particularly the concept of "polycentric decentralized governance" (Ostrom 2010, Marshall 2007). Their proposal for achieving nested governance for REDD+ therefore lies with measures that strengthen accountability and deliberative democracy at multiple levels, while also adhering to the rule of 'subsidiarity' – that wherever possible decisions and responsibilities should be taken by those at the lowest scale. Kashwan and Holahan, in agreement with others, also criticize REDD+ for superficial efforts at promoting decentralized governance, and argue that this is a prominent factor in predicting weak accountability mechanisms for national REDD+ schemes. Their interest lies with the existing power asymmetries that characterize the governance of large scale common pool resources such as forests, and unless these power asymmetries are vigorously addressed, REDD+ will suffer domination in decision making by national governments and foreign investors. The outcome will alienate and potentially threaten forest users. Their view therefore compliments narratives on the problems of community based natural resource management in Tanzania described above.

The policy implications of this alternative view of nested REDD+ are also ambitious. Kashwan and Holohan argue that REDD+ should provide binding commitments for governments to decentralize forest governance and reform land tenure systems, before performance based payments are made eligible. The authors also encourage more thinking on how new institutions can be established that enable deliberative democracy among actors at multiple scales – from the community, district, national and international level. The concept of deliberative democracy is essential to nestedness in large common pool resources (Marshall 2007), and highlights the reality that 'participation' by marginalized people is often superficial and restricted by various forms of arbitrary power and domination. Stakeholder engagement needs to be transformed so that it is not simply government consultation with only those supportive of REDD+. Indeed, a real risk posed by REDD+ in countries such as Tanzania is that it has become the major source of funding for conservation work in forestry.

In practice, Kashwan and Holahan see an important starting point for nested REDD+ in establishing or strengthening intra-community forest users associations, evident in some countries but absent from most, such as Tanzania. Members of such national (or regional) elected representative bodies need to be the focus of developing and implementing REDD+ strategies, being downwardly accountable to community associations, and upwardly accountable to district and national government agencies and international funding organisations. They recognize that following this path to nested REDD+ will slow down REDD+ and increase initial transaction costs. But the benefits of nesting REDD+ in polycentric decentralized governance systems will be essential for the long run.

As a first attempt to present a rival view of a nested REDD+ approach, Kashwan and Holohan perhaps leave out the type of details that are needed by REDD+ architects and funders. They also leave a discussion on how to achieve deliberative democratic process somewhat vague, although there is much to be drawn on from wider literature on deliberative democracy and civic engagement outside REDD+ or forestry. Analysis in Tanzania by Mustalahti and Rakotonarivo (2014) grapple with similar concerns, and their research into the challenges facing REDD+ focuses on the existing barriers to 'empowered deliberative democracy' at the project level. They suggest various principles to overcome this for project developers, but their contribution to wider debates about nested REDD+ is limited by this focus on the micro level of projects, without going further to consider how the ideals of empowered deliberative democracy ought to be scaled up to a national REDD+ scheme. The perspective of Karshwan and Holahan is useful because it reframes the idea of nestedness for REDD+, and they offer an entry into a discussion on how REDD+ can transcend tensions emerging in debates about project versus national approaches in a way that most visions of the nested REDD+ fail to do.

6. Conclusion

The arguments advanced in this paper highlight the extensive challenges facing the future of REDD+ in Tanzania. A national, government-led REDD+ scheme has several obstacles. The basic assumption that developed countries can bring about a reduction in deforestation and deforestation in developing countries such as Tanzania by compensating forgone opportunity costs associated with "business as usual", requires an unrealistic view of government capacities. The perception of systemic corruption in Tanzania also poses significant risks and barriers to operationalizing REDD+ at the national level. The problem is not confined to corruption risks in the administration of REDD+, but also the wider corruption scandals that deter donors and investors from working in the conservation or forestry sector. Moreover, REDD+ faces the considerable challenge of policy incoherence with principal economic sectors, such as agriculture and mining, and it is unlikely that an international results based system could compete with the revenues and interests of sectors that threaten sustainable forest conservation. It is perhaps too soon to dismiss the idea that a national REDD+ scheme, led by the government, could work, although it is reasonable to question the likelihood of this happening in the short to medium term.

A project-based approach to REDD+ has been presented as a way to demonstrate REDD+ in order to pave the way for something at a larger scale. The literature on REDD+ projects has revealed the difficulties these projects face in delivering the multiple benefits demanded of them, while managing to achieve FPIC within collaborating communities. There are also concerns regarding the integrity of reference baselines. More seriously, however, the scaling-up of projects to the point that they can have an impact on national REDD+ is both infeasible and undesirable. Projects are technical and costly, and are therefore unlikely to be accessible to many areas and communities. The extension of REDD+ will therefore involve the transfer of powers and responsibilities away from the local level in a way that would be unprecedented for conservation. A project based approach also risks concentrating investments in areas amenable to profit making, meaning REDD+ could bypass the

more challenging areas. A project based system might channel efforts to where it is needed the least, raising concerns with furthering regional inequalities, as well as doubts over additionality.

This paper also assessed the viability of an apparent 'third way' for REDD+ that promises to overcome the problems with the other two – the nested approach. Yet, as it is being presented to date, the nested approach seems likely to undermine the scaling-up of REDD+, entrenching the division between projects and a national scheme. There are inherent obstacles to a nested approach working well, based on tying performance-based payments for projects to a national accounting system in a county that could fail to achieve results for an international compliance agreement. Solutions to this based on insurance policies or savings to compensate projects are unconvincing, while the idea that increased risk management could become a positive driver of competition and innovation between countries seems to be taking REDD+ in a worrying direction. The fraud and corruption risks with this are high.

The problems with both a project and nested approach are therefore that, as market based systems, they display the negative social and economic tendencies of markets. These design options are being driven by the interests of project developers, investors, as well as communities, who see REDD+ as a new opportunity for generating "carbon rents". This is taking REDD+ away from being a global initiative that can put the interests of rural communities, poverty alleviation and sustainable resource use at the forefront.

REDD+ in Tanzania is therefore in a precarious situation, lacking a viable design strategy. This view may not be unique to Tanzania, but points to more fundamental problems facing REDD+ in many countries. As Brown wrote in 2013, the "trends in design and implementation do not provide reasoned grounds for optimism". The latest status report offered by two of the leading organizations working on REDD+, the World Bank and the Nature Conservancy, suggest the assumptions behind REDD+ have been weak, and that before moving towards a performance-based approach, there needs to be another process of learning and further traditional aid to get many countries ready for implementing REDD+.

The risk of falling into path dependency needs to be countered by a rethink of the design options for REDD+, which are vital for ensuring its feasibility and desirability. The emerging ideas for reorienting REDD+ towards a nested governance approach seem to contain the seed of something more promising, although will seem daunting to those wanting REDD+ to develop at a fast pace. Small steps in this direction may be needed in the hope this will give momentum to bigger gains. Taking *nestedness* seriously is important for efforts to address corruption within REDD+, given that deliberative democratic processes are vital for challenging vested interests and domination in decision-making; risks that are very much apparent in the alternative design options.

These ideas need to be developed further, in combination with work that addresses policy coherence, particularly in agriculture and energy supply. Indeed, Tanzania, as with many other countries, lacks a clear vision of how it can achieve REDD+ that would reveal where tensions in policy decisions lie, including who are the potential winners and losers. But if REDD+ was to explore these alternative decentralized governance design options, then is the current insistence that REDD+ should be based only on performance-based payments tied to a carbon metric still valid? As others have argued (Karsenty 2012), international transfer of payments, or "sustained investments", could be linked to

a broader set of criteria on policy implementation, such as on land rights, implementing sustainable policies in agro-forestry, or community forestry, improvements in access to information and so forth. This, it is argued, may be a more viable path for donors through bi-lateral agreements than it would be for an international REDD+ agreement funded by a global fund, as establishing criteria would need to be done on a case by case basis. This may be criticized for taking REDD+ back towards a traditional aid programme, and that expanded criteria would be vague, difficult to measure, and easily contested. Yet the goal of addressing climate change through reducing deforestation and degradation, and in ways that can support the livelihoods of poorer people, may not be doable through a system based on payments rigidly linked to a carbon metric. Something more realistic may have to emerge.

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There are several different options for the design of REDD+ at the national level, and each has its own strengths and weaknesses in terms of feasibility and desirability. Through the example of Tanzania, this U4 Issue considers three main design options: a national government led approach, a project based approach and finally a hybrid of the two, commonly referred to as the nested approach. The analysis suggests the national government led approach in Tanzania faces enormous challenges, including the risk of corruption and the threat of policy incoherence. A project-based approach is more feasible in the short term, but it offers limited prospects for achieving gains on the necessary scale, while there are also concerns that projects often fail to distribute gains equitably. Project developers will choose easier places to implement REDD+, potentially excluding areas where it is needed the most. Yet there is now increasing interest in a third way, commonly refered to as the 'nested approach,' which aims to allow projects and national government-led REDD+ to coexists. The paper considers this for Tanzania, but argues the nested approach, as it is typically conceptualised, is unconvincing and also raises concerns with high risks of fraud and corruption. Tanzania therefore face a serious dilemma in moving forward with REDD+, and new ideas are needed on its design. The paper describes a different approach to understanding 'nested' governance for REDD+, which shifts REDD+ away from the hazards of a market based system and emphasises deliberative democracy for achieving REDD+ at the national scale. It also raises questions over the viability of continuing to link REDD+ payments only to a carbon metric.