

Tanzania – Environmental Policy Brief*

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This Environmental Policy Brief was developed as a point of departure for a discussion of how environmental and natural resources aspects can be integrated into Swedish development cooperation with Tanzania. It aims at introducing the reader to key environment-poverty linkages in Tanzania and how they are included in the Tanzanian National Strategy for Growth and Reduction of Poverty (NSGRP). It also assesses the policy framework for environmental and natural resources management and high-lights key challenges for Swedish development cooperation in Tanzania.

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Summary

- Environment and natural resources management have been mainstreamed in the Tanzanian National Strategy for Growth and Reduction of Poverty (NSGRP). 14% of the targets in the strategy relate to environment and natural resources management and there are a considerable number of environmental interventions under non-environment targets.
- The NSGRP emphasises the role of natural resources for income generation and underlines the importance of good governance and local involvement and participation for sustainable management of natural resources.
- The NSGRP in combination with the new Environmental Management Act provide a fairly well developed policy framework for environment and natural resources management. A key challenge is the lack of implementation, enforcement and monitoring of existing policies.
- The rate of natural resource degradation is alarming. Key environmental challenges include land degradation, deforestation, degradation of aquatic ecosystems, lack of clean drinking water and sanitation, and loss of wildlife habitats and biodiversity (see box 1, page 3).
- Environmental degradation and loss of ecosystem services particularly affect the poorest people and are strongly linked to health problems, vulnerability and mal-nutrition.
- Environmental degradation constitutes an important constraint to pro-poor growth. All key economic sectors are based on natural resources and functioning ecosystem services: the mining industry, energy, agriculture, tourism, wildlife, forestry and fisheries.
- Pervasive market and policy failures, as well as corruption, in all natural resource based sectors, lead to unsustainable extraction of resources (e.g. wildlife, forests, and fish), loss of much needed government revenue and lost opportunities for growth and poverty reduction.
- The many cases of mismanagement, such as illegal logging, illegal hunting and destructive fisheries, seriously risk undermining in practice the implementation of policies for sustainable development. While the poor suffer the most from environmental degradation, the benefits from natural resource extraction frequently accrue to national elites and/or foreign entrepreneurs.
- Key measures for good governance of natural resources include: increased transparency and accountability in issuing rights of resource extraction and revenues accrued thereof, improved sharing of benefits with communities and improved monitoring of stocks.
- Development cooperation partners have identified the mainstreaming of environment into the Joint Assistance Strategy, Budget support and the World Bank Country Economic Memorandum as immediate concerns. Addressing the mismanagement within the natural resources sectors is also a key priority.
- Given the strategic importance of good governance of natural resources for growth and poverty reduction in Tanzania, it is crucial to consider how environment and natural resource aspects can be integrated in the new strategy for Swedish development cooperation with Tanzania.

Box 1: Key environmental challenges

The environmental challenges are locally and regionally specific but the National Environment Action Plan (NEAP) and the National Environmental Policy (NEP), passed in 1997, identified six major problems of urgent national intervention:

- **Land degradation** putting soil fertility, food security and biodiversity at risk. About 60% of the country is estimated to suffer from land desertification problems (URT 1999c). Land degradation in the central areas (Dodoma Shinyanga, Mwanza, Arusha and Tabora) has already exceeded the natural regeneration rate of these areas (URT, 1999c).
- **Poor access of good quality water for urban and rural poor.** Although Tanzania is blessed with a variety of surface water resources, surface water is limited throughout the country for most of the year. Water shortage and bad water quality are common problems. In urban areas water is contaminated by effluent disposal and leakage while in rural areas water is polluted by silt, sediment and other contaminants from soil loss and surface run-off during the rainy season (URT 1999c). The poorest are the most affected.
- **Environmental pollution.** Although the level of industrialisation is low in Tanzania, untreated industrial waste causes significant levels of localised pollution. About 80 % of the industries, including *agro- and chemical industries, breweries and steel-manufacturing industries*, are located in the coastal Dar es Salaam. It has been estimated that almost 70 % of the industries pollute directly or indirectly the Indian Ocean (Mgana and Mahongo, 2002). Moreover, the *mining industry* uses hazardous chemicals (e.g. cyanide, mercury) and causes severe environmental and health damages.
- **Loss of wildlife habitats and biodiversity.** Wildlife habitats and biodiversity are threatened due to fragmentation, loss of critical ecosystem linkages and over exploitation.
- **Deterioration of aquatic ecosystems.** One example of this is Lake Victoria, which once drew on hundreds of species, mostly endemic, and now rests solely on three species. Similarly, the marine environment is subject to increased population pressure, harmful fishing techniques, pollution and the breakdown of traditional institutions.
- **Clearance of forest and woodlands.** Deforestation in Tanzania is taking place at an alarming rate. Since only 5% of the population has access to electricity, wood fuel accounts for more than 90 % of total energy consumption. In 1999, the amount of fuel wood within sustainable use was estimated to 17 million m³/year while the current use is 32 million m³/year and it is projected to increase.

1. Environmental Management and the NSGRP

The Tanzanian National Strategy for Growth and Reduction of Poverty (NSGRP), or MKUKUTA¹ in Kiswahili, clearly high-lights the important role of natural resources and environment to combat poverty. Environment and natural resources management have been mainstreamed in the document, with strong emphasis on the role of natural resources for income generation, the importance of good governance, and the need to emphasize local involvement and participation. There are environmental targets under all three clusters²; 14% of the targets directly or indirectly relate to environment and natural resources management. There are further a considerable number of environmental interventions under non-environment targets. This represents a significant improvement in relation the first PRS.

¹ Mkakati wa Kukuza Uchumi na Kuondoa Umaskini Taifa Ensure

² The MKUKUTA is organised around three main clusters: a) Growth & Reduction of Income Poverty, b) Quality of Life and Social Well-being, and c) Governance & Accountability. Under each cluster a set of 5-6 goals are defined. Under each goal there are operational targets, strategies to achieve targets, intervention packages/s, sector or area/s of collaboration, and actor/s who will implement.

As part of the consultation process during the development of the MKUKUTA, CSOs, natural resource sectors and the Environment Working Group made submissions related to environment and natural resources. Environment has also been addressed into the Public Expenditure Review (PER) and the Medium Term Expenditure Framework (MTEF), and the environment related indicators within the Poverty Monitoring System will be further developed.

The MKUKUTA clearly high-lights:

- the key role natural resources play for economic development and poverty alleviation,
- the need to address bad environmental governance and corruption in natural resources sectors, and
- the importance of participatory and decentralised management of natural resources and the environment.

The MKUKUTA hence strongly acknowledges the importance of poverty-environment linkages, and also provides several important entry-points for how to address them. However, at the same time it is clear that most targets and interventions are very general (not only those related to environment). Operationalising the strategy is a key challenge. This includes (i) developing the Poverty Monitoring System, (ii) costing the strategy, (iii) strengthening the links to the budget process, and enhancing the (environmental) budgeting and planning process at District level

2. Economic development and the Environment

Tanzania's rich natural resources constitute a major wealth asset which is fundamental for growth and economic development. Although natural resources are fundamental to the economy and the livelihoods of the rural population, their value and potential is frequently underestimated. This underestimation is partly based on missing markets in the case of public goods, imperfect competition in the case of distorting government interventions as well as pricing of natural resources below market value. Widespread market- and policy failures lead to sub-optimal economic decision making and loss of income to the country. As long as these weaknesses are not addressed, a substantial base of economic growth will be slowly eroded and poverty reduction objectives are unlikely to be achieved.

All the main economic sectors - agriculture, mining, tourism, wildlife, forestry and fisheries – are based on natural resources. In all sectors there are important links between management of the environment and natural resources, sustained growth and poverty reduction:

Agriculture has been described as “the back-bone” of the Tanzanian economy and accounts for about 45% of GDP, 60% of export earnings and 80% of the population's livelihoods. Increased productivity within the agricultural sector is key to achieving the 6-8 % annual growth rate targeted in the MKUKUTA. The growth in the agricultural sector is targeted to increase from 5 % in 2003 to 10 % in 2010 – a target which may prove very difficult to achieve. Modernisation and expansion of agriculture call for careful consideration of the adverse affects that intensified irrigation, pesticides, fertilisers and changed crops may have on the environment (e.g. water pollution, reduced water flows, deforestation, land degradation) (URT, 2004c).

The MKUKUTA includes several measures to mitigate potential negative environmental impacts from increased agricultural growth³. A failure to implement these and similar measures may aggravate poverty, environmental degradation and the prospects for long run economic growth.

The mining sector has experienced double digit growth during the last years, but only accounts for about 2 % of total GDP. Only 10 years ago the mining industry in Tanzania was still basically artisanal. Today Tanzania is Africa's third largest exporter of gold, and produces a number of other valuable minerals for export. The description of the mining sector as a success growth story has however been questioned on: (i) the contribution of the sector to government revenues⁴, (ii) the effects on employment as technology intensive large scale mining replaces labour intensive small scale mining and (iii) the local impacts on poverty and environment (e.g. soil erosion, land degradation, deforestation, pollution of air, drinking water and water bodies).

The MKUKUTA notes that *“serious poverty concerns [of mining] have been raised regarding the impacts on environment, tensions over land rights and labour relations in areas where these activities have risen dramatically. The challenge ahead is to ensure that investments benefit the wider economy giving particular attention to disadvantaged regions”*. However, these concerns are not picked up in the targets and interventions for the mining sector in the MKUKUTA. The government has integrated several environmental safeguards in its policies, such as calls for Environmental Management Plans and Environmental Impact Assessments as a condition for Special Mining Licenses, but the implementation of these safeguards have been questioned. The issues related to mining are complex and hence merit considerable more analysis than presently outlined⁵.

The tourism industry has grown at an average rate of more than 6% during last years and accounts for roughly 5% of GDP. To maintain growth in the sector, it is necessary to manage the natural environment sustainably. Moreover, future growth of the tourism sector may involve significant environment-poverty related trade-offs.

Since natural resource based tourism happens at the expense of other use of the resource, the sharing of benefits from tourism by local communities is a key issue. The MKUKUTA states that *“barriers to communities gaining increased benefits from natural resources (e.g. wildlife) need to be removed”*, but is not explicitly addressing how environmental safeguards will accompany tourism sector development.

The Wildlife sector has potential for increased growth and revenue generation and is important for the food security, nutrition and income of rural communities⁶. However, the sector suffers from mismanagement, under-pricing, over-use of resources, loss of revenues and limited sharing and participation of rural communities. Well managed, the game-hunting industry is one of the few non-farm industries with potential for economic development in remote rural areas of Tanzania. According to the follow-up regulations to the Wildlife Act (from 1998), local communities should receive at least 20% of hunting revenues, but this has not been implemented in practice.

³ See for example Cluster 1, Goal 2, Operational targets 9 and 10 and cluster strategies 2.9.1-2.10.1.

⁴ Mining is connected with substantial tax breaks and relatively low royalties.

⁵ The impact of Extractive Industries (such as mining) on poverty and environment have been documented by the Extractive Industries Review by the World Bank Group (see www.eireview.org)

⁶ Well over two-thirds of the population eat wild meat, and according to one source, 95 % of the rural population claim wild meat to be their most important source of protein.

The Tanzanian forests provide goods and services of crucial importance to poor households and the national economy. 95 % of the energy supply, 75 % of the construction materials and almost all indigenous medicinal products are estimated to be directly derived from forest biodiversity. In addition, eco-system services, such as soil conservation, watershed protection and carbon sequestration, have a large indirect economic value. However, since markets are poorly functioning or non-existent for many of these products and services, they are not accounted for in the national accounts. Consequently the forestry sector officially accounts for only 2-3 percent of GDP.

To increase the contribution from forestry to the incomes of rural communities, the MKUKUTA calls for (among other things) a scaling up of Participatory Forest Management, harmonized natural resource sector policies, and the development of a rural energy master plan including an extension of rural electrification⁷. A new framework for forestry management has also been developed and implementation is ongoing⁸. With sustainable management and good governance the potential for pro poor growth and revenue generation from the sector is considerable. There are also many good examples of agro forestry at the village level.

The rapid deforestation constitutes a serious threat to rural livelihoods as well as lost opportunities for growth and revenue generation. For example, turning the “illegally” operating charcoal industry into a major employment and income generating sub-sector in rural areas may have a huge potential, indicated by current annual incomes from charcoal amounting to 40% and more in rural households. It is also claimed that royalties within the sector are presently set arbitrarily and that only 5-10% of the potential revenue is actually collected.

Fisheries represent a significant source of revenue and foreign exchange, and sustain livelihoods, in the form of food security and employment and income, of poor people. The Tanzanian fisheries are at or near a state of full development, and sustainable and equitable management is a key challenge. While the inland fisheries, and specifically the Victoria Lake fisheries, are overexploited, the marine fisheries may have potential for growth. In both the inland and marine fisheries, there are conflicting interests between communities reliant on fish resources for their livelihoods and the export oriented commercial fisheries. Good governance which secures maximizing and equitably sharing of benefits, sustainability of extraction levels and maintaining productive marine and inland water ecosystems, is thus a key issue. Today potential revenues are not captured, and negative impacts for poor people are experienced. These developments call for a change in focus from attraction of foreign direct investment to a broad-based, equitable and environmentally sustainable fisheries development.

Key policy reforms would include (i) developing the regulatory framework, (ii) strengthening the management capacity, and (iii) securing the livelihoods of the poor in the sector.

3. Good Governance and Natural resources

Good governance is one of the three main clusters in the MKUKUTA which notes that “*in order for broad-based growth and improvement of quality life and social well being to take place, good governance has to prevail*”. However, the strategy also clearly points out that today corruption and bad governance is a major issue.

⁷ Cluster strategies 4.7.1-3 and 5.2.4-5

⁸ The Forest Policy (1998), the Forest Act (2002), National Forest Programme. A SWAP has also been developed in collaboration with several development agencies.

In general, the MKUKUTA and the many policies and plans linked to the natural resource sectors provide a sufficiently coherent framework for sustainable natural resources management in Tanzania. Several sources however highlight that there is an apparent and worrying gap between policies and actual developments on the ground.

Today there are serious “distortions” in key sectors such as mining, forestry, wildlife/tourism, fisheries, forestry, and lands/agriculture. There are many reported cases of mismanagement, such as illegal logging, illegal hunting and destructive fisheries. One illustrative example is the developments within the forestry sector, where there is an appalling gap between the policy framework for sustainable forestry management and the continuous rapid deforestation and repeated reports of serious mismanagement within the sector. Major irregularities include illegal logging⁹ and illegal charcoal production¹⁰. The strong resistance to reforms of the Wildlife sector is another example of the lack of good governance. Reforms would increase transparency and competition within especially the hunting sector, and reduce the personal benefits of the present hunting concession holders and a few government officials.

The result of the lack of good governance is often that neither the local communities nor the state get the benefits (income, taxes etc). Further, poor communities often bear the cost of environmental degradation from larger investments or are simply pushed away due to weak ownership rights and poor implementation of existing regulations and laws. This is particularly crucial for the common property areas (“commons”) that the poorest community members typically depend on.

Due to weak governance regimes, resources are offered below market price to the benefit of a few powerful winners, and at the loss of the majority of the rural population. The weaknesses in governance regimes include primarily lack of transparency and accountability in issuing rights of resource extraction and revenues accrued thereof, lack of equitable sharing of benefits with communities, as well as weak monitoring and surveillance of stocks. Royalties are further set arbitrarily and do not reflect scarcity.

If the policy failures – including corruption – leading to unsustainable extraction and management of natural resources are not addressed, they risk to seriously compromise the achievements of the MKUKUTA.

Women’s limited participation in decision-making is a major democratic problem. The MKUKUTA calls for a scaling up of the national Framework on Good Governance focusing on enhanced participation and representation of women¹¹ in all governance structures. Women’s particular situation in relation to natural resource use needs to be considered. They

⁹ One example is the so called “logscam” from July 2004, which made headlines in the national media, as has similar stories, where the Minister of Natural Resources & Tourism visited the harbor of Dar es Salaam to establish whether the new Forestry Act was implemented. During this visit, 187 containers were found containing logs that either had not been legally acquired or were not licensed/allowed for export. Since most of the logs originated from the Coastal Region, further inspections were ordered in all coastal districts. These revealed 6,898 m³ of illegally harvested logs that were valued at 382.65 million TZS, or 55,715 TZS/ m³. It is entirely possible that this is only “the tip of the iceberg”.

¹⁰ One estimate indicates that the charcoal industry in 2002 have utilized 21.2. Mill. m³ of wood, equivalent to 624,500 ha of woodland, providing 43.7 million bags of charcoal to 6.8 mill. mostly urban consumers. The annual net value of this charcoal trade was 4.8 mill. USD! Recent price increases in Dar es Salaam to 10,000 TZS per bag of charcoal is an indicator of an unaccounted and dwindling resource.

¹¹ and “children, youth, and people with disabilities and other vulnerable persons.”.

often bear a heavy burden from degraded environments or loss of resources being responsible for agricultural work, collection of firewood and water. The economic situation and ability to change it differs between men and women. Women-headed households face particular difficulties.¹²

4. Health and the Environment

The link between environment and poverty is maybe the most obvious with regard to access and quality of water and sanitation. Faecal-oral diseases are important contributors to morbidity and mortality, especially among children under the age of five. The conditions are worse in rural than in urban areas but the uncontrolled expansion of certain urban area makes the conditions in these areas equally bad.

Water and sanitation is strongly addressed within the MKUKUTA¹³. Development in this area can considerably improve the welfare of many poor people, particularly rural women and children. This group is often responsible for fetching water where improved access implies better time allocations for women and improved school attendance for children. Children are the most sensitive to water borne disease and improved quality of water would decrease child morbidity and mortality.

The child mortality, representing an important health indicator related to the quality of the environment, is approximately 15 % in Tanzania (World Bank, 2003). Besides the water borne diseases, chronic malnutrition, indoor air pollution and poor access to/supply of basic health services are important determinants to child mortality.

The bio-physical environment is also a determinant of vector-borne diseases. Malaria is the most common cause of mortality in Tanzania with higher death rates in rural areas due to poor (access to) health services, lack of resources to buy mosquito nets, mosquito repellents or medicines.

About 3.3 million people were affected by HIV/AIDS in Tanzania in 2001 (URT, 2004b). This is negatively affecting manpower, productivity and efficiency, as it is commonly young adults who are affected by the epidemic. For poor people with small or no margins, loss of labour impacts negatively on the possibility to produce or buy food. The reduction in labour force ultimately has implications on the management of land and nearby ecosystems including decreased fertile land, more erosion, less afforestation and deterioration of water quality¹⁴.

Loss of biodiversity eventually results in (i) poorer diets with less protein, minerals and vitamins and (ii) reduced access to local medicine for the poor people who cannot afford alternative sources.

¹² In a survey in Ruvuma it was found that female heads had smaller households, less family labour, lower educational levels, less land and use of hired labour and less experience with credit. They were economically more vulnerable and often socially isolated. They were less likely than male heads to use purchased agricultural inputs, to have seen an extension worker or to have bought land (Turuka and Mwaseba, 1998). This makes them extremely vulnerable to environmental degradation, such as land degradation or loss of access to natural resources.

¹³ In cluster 2, goal 3: "Increased access to clean, affordable and safe water, sanitation, decent shelter and a safe and sustainable environment and thereby, reduced vulnerability from environmental risk", as well as in related operational targets.

¹⁴ See for example Hammarskjöld (2003)

5. Population and Environment

The Tanzanian population increased from about 7 million people in 1948 to 34 million in 2002 (Madulu, 2004). The present annual growth rate of the population is 2,8%, and the population is expected to further increase to about 44 million people in 2015 (World Bank, 2003). Although linkages are complex, the population increase increases pressure on the natural resources in Tanzania. The population issues are not explicitly assessed in MKUKUTA.

The rural-urban migration in Tanzania is high. The urban population increased from 15 % of the total population in 1980 to 33% in 2001 (World Bank, 2003) and it has been estimated that by 2025 more than half of the population in Tanzania will live in urban areas. Today the urban planning is inadequate. Consequently, the urban expansion lacks consideration of environmental issues (water quality and supply, sanitation and solid waste management) or urban-rural development effects. The poor are the most vulnerable since they are obliged to reside in the most marginal areas. The urban expansion put immense pressure on surrounding forests to support the need for charcoal. MKUKUTA recognizes the increasing problems related to urban poverty and include several operational targets related to integrated urban planning, water, sanitation, waste management¹⁵. Sustainable energy development is also mentioned, albeit in rather vaguely defined cluster strategies¹⁶.

The urban migration has its root cause in the inability of agriculture to sustain the livelihoods of a growing population. The MKUKUTA recognises the growing rural-urban divide and the high levels of un- and underemployment as critical challenges. The strategy notes that *“the opportunities for expanding and diversifying rural incomes, particularly for the vulnerable groups, from the sustainable use of natural resources is under-realised...”* and that *“...on- and off-farm earnings need to be supported both by a strong agricultural sector and other rural sectors including forestry, wildlife, fisheries and tourism.”*

Besides Dar es Salaam, areas with economic potential, such as the lake regions, smaller towns, wet and fertile mountainous areas, coastal and mining areas, experience the highest population increase. Densely populated regions like the Lake Victoria region and some coastal regions have experienced rapid environmental degradation with negative effects for rural livelihoods.

Due to natural growth and migration from highland areas about 17 million people live in dryland areas in Tanzania. Dryland areas are particularly fragile and highly vulnerable to land degradation and soil erosion.

Since 1993 Tanzania has hosted hundreds of thousands refugees from Rwanda, Burundi and the Democratic Republic of Congo. The natural resources in and around the camps are rapidly depleted since the refugees directly depend on e.g. fuel wood, construction poles and ropes. The current situation is not addressed in the National Environment Policy (NEP) or MKUKUTA.

¹⁵ Cluster 2, goal 3

¹⁶ Cluster 1, goal 6: Provision of reliable and affordable energy to consumers.

6. Risks of Conflict, Vulnerability and the Environment

The strong linkages between vulnerability, poverty and the environment are clearly perceived in the MKUKUTA. The fact that the environment provides security and livelihood was also obvious in the Tanzania Participatory Poverty Assessment¹⁷. Five key environment-related links between poverty and vulnerability were identified in the PPA (in the following order); (i) declining quality of natural resources, (ii) vermin and wild animals destroying crops, (iii) natural disasters and climate changes, (iv) bush fires which destroy biodiversity and (v) environmental pollution.

Migration to economic viable zones such as the lakes and mining areas and the coastal zone causes conflicts over resources, especially common property resources such as forests, fishing areas and mangrove swamps. Similarly, reduced resource availability creates conflicts between villages, groups within villages, between pastoralists and agriculturalists, pastoralists and the state and between generations.

Floods and droughts are increasingly common phenomena in Tanzania affecting food security and livelihood of many poor people. Poor people are especially vulnerable to environmental catastrophes such as droughts, floods and pests since they often live on the margin with no or insufficient safety nets or insurances.

One way to reduce risks and improve the ability to cope with stressful situations is to improve opportunities for alternative and diversified incomes (credits, on-farm non-agricultural incomes, off-farm incomes, insurances).

7. Policy framework for Environment and Natural Resources Management

Tanzania is in many ways progressive and active with regard to environmentally sustainable development issues. The legislative and policy framework for environment and natural resources management is fairly well developed, and there are legal provisions for decentralised and local management of natural resources. Over the past decade the legal framework for environment and natural resources management has developed considerably in Tanzania.

The Environmental Management Act was finally passed (2005). Other key environmental policy documents are the National Environmental Action Plan (NEAP) the National Environmental Policy (NEP) (both from 1997), the National Conservation Strategy, the National Biodiversity Strategy and Action Plan (1999), and a National Action Plan to combat Desertification (NAP). There is presently no separate national Strategy for Sustainable Development (NSSD) in Tanzania.

Tanzania is party to the key international conventions on protection of biodiversity, endangered species, the ozone layer, wetlands (Ramsar), and climate (Kyoto protocol), combat desertification, and follow the international Law of the Sea. The Convention on Biological Diversity (CBD) is a convention of major importance for Tanzania. Its main objectives are conservation and sustainable use of biodiversity and equitable sharing of the benefits arising from the use of genetic resources.

At the national level, there is an institutional recognition of the relationship between poverty and environment, through the positioning of both the Division of Environment (DoE) and the

¹⁷ Process Notes On The Stakeholders Feedback Meeting 13th May 2002.

Poverty Eradication Division (PED) in the Vice President's Office (VPO). A cross-sectoral Government *Environmental Working Group* has also been established which is coordinated by the VPO.

However, implementation of this policy and legal framework is lagging far behind and is being undermined in practice by the many cases of mismanagement of the natural resources sectors. Besides policy failures and corruption, lack of financial resources and capacity are also major obstacles to the implementation of the policy and legal framework for sustainable management of natural resources.

The Public Environmental Expenditure Review (PEER), conducted in 2004, concluded that “*While environmental resources contribute significantly in terms of revenue collections and national income, ...the environmental sectors are financially under resourced*” (URT, 2004b). The MKUKUTA may provide some leverage to increase government spending on environment, but this remains to be seen.

There are potentials to increase the much needed national revenues from the natural resource sectors by for example introducing tendering and auctioning for highly valuable and marketable resources such as timber logs, black wood and hunting blocks. Economic instruments such as market creation, safeguard of property rights, information and government taxes are also important mechanisms to correct for imbalances in environmental resource utilisation and environmental degradation.

Local access to and sharing of benefits from natural resources are key issues for both poverty reduction and environmental protection. This point is strongly underscored in the MKUKUTA and the policy and legal framework for promoting local and participatory management of the environment and natural resources has been clearly developed in Tanzania, with the Wildlife Act, the Village Forestry Act and the Land Act (devolving management and decision making rights over village land and forest areas to villages) as good examples.

There is however very limited capacity at district, province and local levels to assume the responsibility of sustainable natural resources management. The Local Government Reform process entails a fairly far-reaching decentralisation of planning and implementation to the Districts, Municipalities, Towns and Cities. However, at this level, no specific provision has yet been made to stimulate a pro-active and sustainable management of natural resources.

Moreover, PEER recommends that the VPO and NEMC¹⁸ formulate and implement Environmental Training Programs for local governments and wards.

There is a need among other sectors (such as health, education, water, roads and energy) to (i) broaden the understanding of the role of the environment, and (ii) shoulder a larger responsibility for environmental management. There is accordingly a need to promote capacity building at the sector level. For this purpose PEER proposes that sector ministries should be allocated funds to facilitate establishments of Environmental Managements Units and recruitments of environmental coordinators. There is also a need for further understanding of how different crosscutting issues are linked (gender-environment, HIV/AIDS-environment).

¹⁸ National Environmental Management Council

The new Environmental management Act include provisions for both Environmental Impact Assessments (EIA) of projects and Strategic Environmental Assessments (SEA) of policies plans and programmes. To date EIA performance in Tanzania has however been extremely poor, with negligible effects on decision-making and project design. Biodiversity has been very poorly integrated into environmental impact assessment, further exacerbating current loss of biological resources and crucial ecosystem services in the country. Application of SEA is promising but only emerging.

To summarize, the main problems today are (i) poor implementation of existing policies, (ii) vested interests and corruption, and (iii) lack of financial resources. Given the local governance reform and decentralisation to the districts, enhancing the natural resources management capacity at this level is urgent.

8. Development Cooperation and Environment in Tanzania

The broad donor representation in Tanzania underlines the need for a coordinated approach to improve environmental management. Development partners have formed a special sub-group to the Environmental Working Group coordinated by the Vice President's Office¹⁹. The purpose of the group is to coordinate and align donor support to the MKUKUTA and the implementation of the new Environmental Management Act.

At a recent workshop²⁰ the Development Partners identified mainstreaming of environment into the Joint Assistance Strategy, Budget Support and the World Bank Country Economic Memorandum as immediate concerns. This reflects the new international agenda for development cooperation where project support is increasingly replaced by support to national budgets and sector programs²¹. Consequently, support to mainstreaming environment into key policy documents and budget support frameworks as well as capacity building are of increasing importance. Development of adequate tools for this purpose is a key challenge²².

The increased focus on budget and sector support can be characterized as a centralization of aid, where the attention of the donors moves from the local level to the central level. A challenge for development partners is to ensure that this process does not lead to a loss of knowledge about actual developments on the ground. There seems to be a need to ensure that knowledge and in-sights from a variety of actors, including civil society organizations and the private sector, on the local level inform the dialogue on central levels.

Although considerable support is given through ODA, the much needed resources for improved environmental management is lacking in many sectors. A dual challenge for development cooperation actors is to continue to support environmental management in Tanzania while at the same time support the development of sustainable systems and practices for environmental management in financial as well as human capital terms.

¹⁹ There is also an informal discussion group on environment with a wide range of stakeholders including NGOs.

²⁰ January 19th, 2005

²¹ As described in the Paris Declaration on Aid Effectiveness

²² The Public Environmental Expenditure Review and the Strategic Environmental Assessment of the World Bank Poverty Reduction Support Credit 2 are innovative examples of the type of analytical instruments needed in the context for development cooperation.

Continued support to capacity building at central, sector, district and local level seems crucial for a sustainable development in the country.

Box 2: Key issues discussed in the Development partner group include:

- The wide gap between policymaking and planning processes at national level and actual work at the local level.
- The undermining of policies and plans in practice, with mismanagement cases such as illegal logging, illegal hunting, destructive fisheries etc.
- The need to (i) eliminate current “unhealthy” links between private sector’s unsustainable extraction of resources and individual government staff, and to (ii) encourage responsible private investments
- The need to empower communities, NGOs, and CBOs, which want to address mismanagement pertaining to the environment and natural resources.
- The challenge of coordination and harmonisation between Government institutions; between the development partners and the various Government institutions; and between development partners themselves.

9. Recommendations for Swedish Development Cooperation

An important overall conclusion from this brief review is that the ongoing degradation of the environment and natural resources form a key obstacle to growth and poverty reduction in Tanzania. Accordingly, the mainstreaming of environment in the MKUKUTA and the adoption of the new Environmental Management Act represent encouraging developments.

However, the gap between policy and actual development and frequent mismanagement of natural resources, jeopardize the effective implementation of this policy framework.

In light of the importance of good governance of natural resources for growth and poverty reduction in Tanzania, it is crucial to consider how environment and natural resource aspects can be integrated in the new strategy for Swedish development cooperation with Tanzania. The MKUKUTA and the Joint Assistance Strategy provide the starting point for the Swedish strategy process. In addition, Sweden has decided to focus its support on approximately four different programmatic areas. Based on the analysis in this Environmental Policy Brief we recommend Sida to consider the following issues in the continued strategy process:

1. *How can governance aspects of natural resources management be highlighted as a dialogue issue in budget and sector support programmes?* Issues which can be addressed include identification and follow-up of environmental governance benchmarks and indicators to the MKUKUTA (within the Poverty Monitoring System) and ensuring that environment and natural resources aspects continue to be mainstreamed during the implementation of the MKUKUTA.
2. *How can environment and natural resources aspects be integrated in budget and sector support programmes?* Strategic Environmental Assessments can be a useful tool to identify and enhance/mitigate positive/ negative environmental effects of budget and sector support programmes²³.

²³ Useful references for this task include: Sida (2002), *Sector Programmes – Guidelines for the Dialogue on Strategic Environmental Assessment*; OECD (2005), *The OECD DAC Guidelines on Environmental Fiscal Reform for Poverty Reduction* and World Bank (2004) *Good practice note on environmental and natural resource aspects of development policy lending*.

3. *Which are the possibilities for providing support to strengthening the environmental management authorities?* For example through re-establishing support to the National Environment Management Council (NEMC) and/or other relevant authorities.
4. *How can research on the links between poverty reduction, growth and environment be strengthened?*
5. *Which are the possibilities for providing support to strengthening civil society organizations in Tanzania engaged in environment and natural resources management?*
6. *How can adequate capacity at the Swedish Embassy to pursue environment and natural resource governance issues in Tanzania be ensured?* The shift from support to projects and programmes to sectors and the national budget increase the demand for capacity to analyze and pursue a strategic dialogue with government officials on issues related to natural resources management. There is a risk that, with fewer people employed with extensive field contacts, it may prove difficult to follow and understand what is happening in different regions and at the local level in Tanzania.

Finally, this brief review only touches upon a range of highly complex issues. Needless to say there are many aspects that deserve a much more detailed level of analysis. We however hope that the Environmental Policy Brief fulfils its aim of being a point of departure for a discussion of how environmental and natural resources aspects can be integrated into Swedish development cooperation with Tanzania

10. Indicators for the Millennium Development Goal 7

In the table below the indicators related to the *Millennium Development Goal 7 “Ensuring environmental sustainability”* and the development in Tanzania are displayed.

Indicators - MDG 7 Ensuring Environmental Sustainability	1990	1995	2001
Forest area (% of total area)	45.0	..	43.9
Nationally protected areas (% of total area)	..	15.6	15.6
GDP per unit of energy use (PPP \$ per kg oil equivalent)	0.9	1.0	1.1
CO2 emissions (metric tons per capita)	0.1	0.1	0.1
Access to an improved water source (% of population)	38.0	..	68.0
Access to improved sanitation (% of population)	84.0	..	90.0

Source: www.worldbank.org/afri/tz and www.developmentgoals.org

The Millennium Development Goal 7 “Ensuring environmental sustainability” is divided into the following three targets:

- (a) Integrate the principles of sustainable development into country policies and programs and reverse the loss of environmental resources.
- (b) Halve by 2015 the proportion of people without sustainable access to safe drinking.
- (c) Achieve by 2020 a significant improvement in the lives of at least 100 million slum dwellers. A set of indicators has been developed for the assessment of the development process in relation to the targets.

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