



BUDGET SUPPORT, AID INSTRUMENTS AND THE ENVIRONMENT: THE COUNTRY CONTEXT

TANZANIA COUNTRY CASE STUDY

FINAL REPORT

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Table of contents

Summary	4
1 Introduction	6
1.1 Aims and objectives of the study	6
1.2 Methodology	6
1.3 Overview of country context.....	7
1.3.1 Macroeconomic framework	7
1.3.2 Aid context	8
1.3.3 Political and governance issues.....	9
1.3.4 Environmental context	10
2 Public sector involvement in the environment.....	11
2.1 National environmental policy priorities.....	11
2.2 Institutional arrangements for delivery of environmental objectives.....	12
3 Budget analysis	12
3.1 Data sources	12
3.2 The Division of Environment.....	13
3.2.1 Priority activities	16
3.3 Ministry of Natural Resources and Tourism	16
3.3.1. Priority activities	20
3.4 Revenue and contribution to GDP from these sectors	21
3.5 Development partner funding in the environmental arena.....	24
3.5.1 Division of Environment - VPO.....	25
3.5.2 Ministry of Natural Resources and Tourism.....	27
4 Detailed analysis of key environmental policy initiatives : selection of three priority themes of acknowledged national importance.....	29
4.1 National Strategy for Urgent Action on Land degradation and Water Catchments.....	29
4.2 The establishment of sectoral environmental units	31
4.3 Environmental management at the local government level: mainstreaming environmental planning into urban development	33
5 Synthesis of key conclusions.....	34
5.1 On institutions: developing a clear definition and mandate for ‘environment’	34
5.2 On policy: linking policies to clear priorities and operational strategies.....	36
5.3 On budgeting: getting policy into environmental budgets	37
5.4 On revenues: enforcing the pricing of environmental externalities	38
6 Implications for the role of development partners	38
6.1 Incorporating the ‘environment’ into the Performance Assessment Framework	38
6.2 The sector dialogue mechanisms.....	41
6.3 Strengthening the policy-budgeting process through parallel funding	44
7 Final conclusions and recommendations.....	45
7.1 National Environmental Policy issues.....	45
7.2 National institutional and funding issues	46
7.3 The role of development partners.....	47
8 References	49

Acronyms

AfDB	African Development Bank
CBF	Common basket funds
CBO	Community based organisations
CWG	Cluster Working Groups
DFID	Department for International Development
DoE	Division of Environment
DP	Development Partner
DPG	Development Partner Group
DPG - E	Development Partner Group – Environment
DPG - G	Development Partner Group - Gender
EC	European Commission
EIA	Environmental Impact Assessment
EMA	Environmental Management Act
EMA-SP	Environmental Management Act Support Programme
EPM	Environmental Planning and Management
EWG	Environment Working Group
FAO	Food and Agriculture Organisation
FBD	Forest and Beekeeping Division
FY	Financial Year
GDP	Gross Domestic Product
GEF	Global Environment Facility
GoT	Government of Tanzania
IDA	International Development Agencies
JAST	Joint Assistance Strategy
LGA	Local Government Authority
LGCDG	Local Government Capital Development Grant
MDAs	Ministries, departments and agencies
MDG	Millenium Development Goals
MKUKUTA	National Strategy for Growth and Reduction of Poverty
MNRT	Ministry and Natural Resources and Tourism
MOF	Ministry of Finance
MOID	Ministry of Infrastructure Development
MPEE	Ministry of Planning, Economy and Empowerment
MPs	Members of Parliament
MTEF	Medium Term Expenditure Framework
NEMC	National Environment Management Council
NGO	Non-governmental Organisations
PAF	Performance Assessment Framework
PER	Public Expenditure Review
PMO-RALG	President's Office - Regional Administration and Local Government
PRBS	Poverty Reduction Budget Support
PRS(P)	Poverty Reduction Strategy (Paper)
SCP	Sustainable Cities Programme
SEA	Strategic Environmental Assessment
SEU	Sector Environment Unit
SWAP	Sector Wide Approach Programme
TORs	Terms of Reference
Tsh	Tanzanian shillings
UASU	Urban Authorities Support Unit
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
URT	United Republic of Tanzania
USD	US Dollars
VPO	Vice President's Office

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Summary

Introduction to the study

A recent evaluation of budget support (IDD and Associates, 2006) highlighted that there are challenges in integrating cross cutting issues such as environment into Poverty Reduction Strategy Papers (PRSPs) and even when such issues are integrated there is often little follow up in budget allocation and associated budget support arrangements. This study reviews experience of the transferring of environmental priorities from national plans to budgets and through into government implementation plans in Tanzania.

National policy and budgeting issues

Tanzania has an impressive policy and legislative framework for environmental management which could allow effective budgeting around priorities. However, there is no clear relationship between the sector-based Medium-Term Expenditure Framework (MTEF) process and the priorities of the MKUKUTA, thus poverty-environment linkages are not clear at the level of budgeting. The contrasting approaches in environmental policy as to whether 'environmental management' refers to the activities of natural resource sectors or is a cross-cutting theme associated with all sectors alike, has resulted in poor integration of the issue and resulted in low levels of explicit budgeting.

Given the strong policy framework and political interest in environmental issues in Tanzania, budget support can offer ministries, departments and agencies (MDAs) prospects for increased funding and an associated freedom to direct resources to their stated priorities. To do so, there is a need to increase awareness of obligations and requirements for all level of the government to implement the EMA and the opportunities that environmental financing can bring.

In recent years there has been growing political interest in environmental issues in Tanzania and an associated increase in the allocation of recurrent budget to the Division of Environment. However, relatively small budgets are allocated to the DoE's stated policy priorities. The demand for environmental spending (in terms of regulatory or protective activities) in the other MDAs remains low, and there are few environment-related bids to the MoF. Whilst MDAs continue to be able to secure additional funds outside of the budget, the incentives for MDAs to invest to strengthen their attention to the government's own resource allocation process, or other forms of revenue generation, will be limited.

Maintaining high level political interest in environmental issues requires increased reporting on environmental indicators. This necessitates the strengthening of monitoring systems, linkages between available data sources, a commitment and an increased clarity over responsibilities. Equally, high level demand from the MoF for the strengthening of such systems is crucial in order to encourage such reforms.

The role of development partners

The increased moves on the part of the DPs to sector-wide coordination does assist the MDAs with consistency of planning but support by DPs on the promotion of debate on policy priorities has been limited to the process around the MKUKUTA. There has been less support at the MTEF and budgeting level. There has also been less attention to other policy-setting priorities such as the EMA, and other sectoral planning and policy processes which are currently more influential for the budgeting of sectoral activity

The proposed inclusion of PAF indicators on natural resources around revenue collection is one way of giving the issue a higher profile and increasing transparency around the collection of revenue from the natural resource sector. There is however a need for the PAF to encourage the strengthening of the overall monitoring systems to enable the collection of such data which was deemed by the MKUKUTA to be a priority. More attention should be paid to the provision of information to domestic stakeholders so that synergies between external and domestic accountability processes can be maximized.

In order to support some of these recommendations, DPs may need to consider the complimentary use of other aid instruments (for example technical assistance or funding to civil society) in order to increase the efficiency of budget support and to achieve environmental gains. There is for example a need to increase the multi-stakeholder nature of policy debate in the environmental arena. A more systematic and formalised involvement from a wider range of domestic stakeholders such as LGAs, CBOs, the private sector and MPs would help to strengthen the existing dialogue structure by increasing the evidence base and effectiveness of oversight mechanisms.

A full summary of conclusions and recommendations is presented in Section 7 of the report

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1 Introduction

1.1 *Aims and objectives of the study*

1. The origins of this study lie in the evaluation of budget support (IDD and Associates, 2006) which highlighted that there are challenges at integrating cross cutting issues, such as environment, into PRSPs, and that even when such issues are integrated there is often little follow up in budget allocation and associated budget support arrangements. Following these findings Department for International Development (DFID), in collaboration with the Poverty Environment Partnership commissioned the Overseas Development Institute (ODI) to carry out a literature review of evidence on links between the environment and budget support and other aid instruments to look at the challenges and opportunities facing the environmental sector in the context of changing aid modalities associated with budget support. The ODI review (Bird and Cabral, 2006) highlighted that it is the national context which is the predominant factor in determining the most effective means of development partner (DP) support to environmental reform but that there is a relative paucity of information on what is actually happening in country in relation to budget dialogue and budget support agreements in the environmental arena. As a result, four country case studies (Tanzania, Ghana, Mozambique and Mali) were commissioned to help better understand success factors and constraints in integrating environmental issues into both the budget and related DP support.
2. The purpose of the overall study as stated in the Terms of Reference (TORs) (see Annex 1) is 'to analyse and document experience and best practice in transferring environmental priorities from national plans to budgets and through into GoT implementation plans and to identify how DPs can facilitate and support such processes within the context of increasing budget support and the use of other aid instruments'. A synthesis of the country-level experience will provide an opportunity to draw out key principles for the promotion of improved understanding and dialogue between national governments and development partners on environmental issues. It will also draw out lessons to be gained from country experience in tackling environmental issues where external support is delivered (in part) through general budget support. It is intended that the results will help governments and development partners to better understand, and build on, country level success factors and constraints in integrating environmental issues into the budget and related DP financial support.

1.2 *Methodology*

3. The research process commenced with the development of a common framework of research questions. These were then used to inform the:
 - Examination of national environmental policy priorities and national and sector planning and policy documents
 - Interviews with key stakeholders. A series of semi-structured interviews carried out with the Ministry of Finance (MoF) and Ministry of Planning, Economy and Empowerment (MPEE), line ministries, the Cabinet Secretariat for Environment, NGOs, and DPs (both budget support and environment related) and civil society (see Annex 2).
 - Interviews with members of the DPG-Gender working group to determine whether lessons can be learnt from the treatment of other cross-cutting themes.

- Carry out a documentary review of a number of country level evaluations and research studies.
 - An inception/start-up meeting was held with participants from the Division of Environment (DoE), MNRT, MoF, NGOs and DPs (both environment and budget support related) and a feedback meeting was held at the end of the two week field visit to present emerging key messages.
4. The report is presented in 4 sections. Two introductory sections present an overview of the country context and the policies and institutional arrangements relevant to environmental policy objectives. These sections are then followed by the budget analysis of financial flows in the DoE and the MNRT and a more detailed analysis of three key environmental issues. The following sections present key conclusions and implications for the role of DPs, and the concluding sections presents a series of recommendations for MDAs and DPs.

1.3 Overview of country context

1.3.1 Macroeconomic framework

Tanzania is a low income country with 36% of the population of Tanzania below the poverty line. However, GDP growth rates and investment levels are increasing. The recurrent budget is rising and the proportion of salaries and interest payments decreasing.

5. Tanzania is a low income country with a population of 37.6 million and GDP per capita of \$674 (2004 figures in UNDP, 2006). The official inflation rate has decreased from 35.5 % in 1994 to 4.4 % in 2003 with an increase in 2004 to 5.9% (at constant 1994 prices). This increase was caused by the food shortages at the end of 2003, the relative increase in petroleum prices and an increase in price of goods and services (DoE-VPO, 2006). However, the economy is growing and investment has noticeably increased (Ruitenbeek and Cartier, 2007). The Tanzanian budget has been transformed from a situation in 1996/97, where 50% of the recurrent budget was allocated to salaries and 22% to interest payments to a position in 2003/04 where salaries represented 30% and interest payments 5% (Daima Associates Ltd. and ODI, 2005). As a consequence, the discretionary resources available to support service activities have dramatically increased. GDP growth rates have increased overall in recent years, reaching a rate of 6.8% per cent in 2005 in comparison to a rate of 2.5% in 1990-1994 (DoE-VPO, 2006). The extent to which this growth has reduced poverty is mitigated by changes in inequality as well as international and rural-urban terms of trade (REPOA, 2005).
6. It is estimated that 36 % of the population remain below the national poverty line (Ruitenbeek and Cartier, 2007). However, there have been substantial reductions in infant and under-five mortality and a more modest reduction in rates of child malnutrition. However, prevalence of stunting in children (38 %) is still very high and in 2002 life expectancy at birth was estimated to be 51 which showed little change since the 1988 census. Maternal mortality is unchanged, and continues to be very high, now estimated to be 578 (per 100,000 live births). HIV prevalence is at about 7 percent of the adult population and less than half of rural households have access to an improved source of drinking water. The literacy rate is about 70 percent (2004 figures in UNDP, 2006) but primary school enrolments have been rising, and are now close to 100 percent (data in this section is taken from REPOA, 2005).

1.3.2 Aid context

Tanzania is an aid dependent country with 42% of the total budget (and 80% of the development budget) estimated to be financed by aid and an increasing percentage over the last few years. Budget support contributes 15% of the GoT budget.

7. Aid management in Tanzania is guided by the Joint Assistance Strategy (JAST) which was finalised in 2007. Its main focus is to promote GoT leadership in development cooperation and to enhance joint actions which lead to fulfillment of the goals of the MKUKUTA¹ (the National Strategy for Growth and Reduction of Poverty), the Millennium Development Goals (MDGs) and other national policies and strategies. For financial year 2007/08 around 42% of the total budget (and 80% of the development budget) is estimated to be financed by aid. In 2002 aid contributed about a third of the budget.

Table 1 Aid composition as a percentage of total overseas aid

Year	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08 Projections
Budget support	30%	38%	34%	48%	42%	35
Basket Funds	16%	18%	21%	26%	16%	11
Project Funds	54%	44%	45%	26%	41%	47
Total	100	100	100	100	100	100

Source: Government Budget Books, various years quoted in PRBS Fact Pack (Ministry of Finance, 2007)

Table 2 Aid flows (excluding debt relief) [Million Tshs]

Fiscal Year	2002/03	2003/04	2004/05	2005/2006	2006/07	2007/08
Project and Basket Funds	624,465	667,349	857,885	1,015,144	935,128	1,461,892
General Budget Support	274,577	405,047	434,476	616,165	804,554	881,320
Total	899,042	1,072,396	1,292,361	1,631,309	1,891,255	2,343,212

Source: Budget Frame for 2004/05 -2007/08 Ministry of Finance quoted in PRBS Fact Pack (Ministry of Finance, 2007)

Budget support is the preferred aid modality of the GoT however, the share of the budget support has remained relatively unchanged over the last few years

8. There are three channels through which Tanzania receives aid from its Development Partners: budget support, common basket funds and project funds. In 2001 nine DPs started to provide budget support to the implementation of the PRS. In the FY 2007/8 budget support makes up 15% of the GoT's budget. Budget support is provided by 11 bilateral and 3 multilateral donors and the budget support contribution for FY 2007/8 is expected to be around USD 673 million compared to USD 277 million in FY 2002/03 (Table 1 and Table 2). IDA and DFID are the main budget support DPs contributing 57% of the total budget support funds (Table 3). FY 2006/7 was noted to be good year for

¹ MKUKUTA stands for *Mkakti wa Kukuza Uchumi na Kuondoa Umasikini* Tanzania meaning the National Strategy for Growth and Reduction of Poverty.

budget support disbursement predictability unlike basket and project funding where the disbursement are consistently less than the budget estimates (Gerster and Mutakyahwa, 2006:20). The JAST advocates for a shift away from individual country programmes and area-based projects towards budget support. However, the share of budget support has remained relatively unchanged over the last few years.

Table 3 The budget support contributions from different development partners in 2006

	Amount in million Tshs	Percent
DENMARK	16,816.77	1.91
DFID	261,751.45	29.70
EU	65,340.17	7.41
FINLAND	18,568.52	2.11
IDA	246,295.65	27.95
IRELAND	20,495.44	2.33
JAPAN	31,625.36	3.59
GERMANY/KfW	14,013.98	1.59
NETHERLANDS	87,587.36	9.94
NORWAY	44,847.04	5.09
SDC	6,763.08	0.77
SWEDEN	67,215.19	7.63
Total	881,320.00	100.00

Source: Ministry of Finance quoted in PRBS Fact Pack (Ministry of Finance, 2007)

1.3.3 Political and governance issues

9. Tanzania has a five-level judiciary combining the jurisdictions of tribal, Islamic, and British common law. Tanzania's President and National Assembly members are elected for five year terms. The president appoints a prime minister who serves as the government's leader in the National Assembly and selects his cabinet from among National Assembly members. There is a semiautonomous relationship between Zanzibar and the Union. Laws passed by the National Assembly are valid for Zanzibar only in specifically designated union matters whereas Zanzibar's House of Representatives has jurisdiction over all non-union matters (such as agriculture, natural resources, environment and cooperatives, tourism, health and social welfare, water, energy and land)

Policy making processes in Tanzania are dominated by the Executive, which is headed by a strong President and small group of ministers. The Party is very influential with control over both the Executive and the Legislature and their concern for the electorate is a driving force in many policy decisions. There is a lack of effective non-state accountability mechanisms

10. The Executive, headed by the directly elected President and dominated by a small group of ministers is the most powerful institution of the state in Tanzania and dominant in the national policy-making process (Lawson and Rakner, 2006). However, the Party will exert its influence where there is a risk of the government making a mistake and concern for the electorate is a driving force in many policy decisions (OPM et al, 2006). Parliament has clearly defined powers of scrutiny in line with legislation but a combination of strong presidential executive and the fact that the ruling party, CCM, holds about 82% of the seats in the Assembly, means that the formal ability of the Legislature to call the Executive to account is limited (Lawson and Rakner, 2006)

11. Though individual leaders are strong, civil society as a whole is weak, its strength being more in service provision than as an advocacy or oversight mechanism. The media is increasingly professional and vibrant but is viewed as a campaign tool more than as a natural check against state power (Lawson and Rakner, 2006). A review of budgetary decisions by OPM et al (2006) suggests that DPs have less influence than domestic political actors.

1.3.4 Environmental context

Natural resources and environmental services contribute significantly to livelihoods, the economy and government revenues. The poor are most affected by environmental degradation and related disasters.

12. Natural resources contribute significantly to livelihoods, in the form of food, employment or income, as well as to GDP, foreign exchange earnings and government revenues (this issue is explored more in Section 3). The majority of the population depends upon environmental and natural resources for their livelihoods. 80% of the population is involved in agriculture (DoE-VPO, 2006), forests provide 95% of the nation's energy supply and wildlife is the most important protein source for two thirds of Tanzanians (DPG-E, 2005).
13. The high rate of natural resource degradation and loss of ecosystem services particularly affects the poorest, and such degradation is associated with health problems, vulnerability and malnutrition. The poor are also most at risk from environmental related disasters: floods, drought and related food shortages; pollution; and, land degradation (DPG-E, 2005). Key environmental health issues include safe water; sanitation; solid waste management water borne diseases; and indoor air pollution (DPG-E, 2005). Access to improved water sources has improved, there has been an increase in urban water supply coverage from 67% in 1990 to 73% in 2004, and rural water supply coverage has increased from 43% in 1990 to 53% in 2004 (GoT). Cholera remains endemic and piped sewerage systems cover less than 20% of urban households. In addition, there is emerging conflict over water use and shortages.
14. Degradation also constitutes an important constraint to pro-poor growth. Many of the key economic sectors are based on natural resources and functioning ecosystem services: The economy is vulnerable to weather variation and the MKUKUTA Annual Implementation Report (MPEE, 2007) emphasises the need to reduce reliance on rainfall for agriculture and energy production.

Market, policy and governance failures in natural resource based sectors are leading to unsustainable extraction of resources, loss of much needed government revenue and lost opportunities for growth and poverty reduction.

15. Market and policy failures, as well as corruption, in natural resource based sectors are leading to unsustainable extraction, the loss of much needed government revenue and lost opportunities for growth and poverty reduction. Local access to and sharing of benefits from natural resources are important for both poverty reduction and environmental protection and the policy frameworks are favorable in this respect. However, key challenges include a lack of transparency and accountability in granting access rights and collecting revenue data, monitoring and enforcement. 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 and hunting blocks (Andersson and Slunge, 2005). However, natural resources can be the subject of considerable political interest as they can represent major sources of revenue. This greatly increases the risk to reform processes in that sector.

2 Public sector involvement in the environment

The legislative and institutional framework for environmental management is impressive. A key challenge is lessening the gap between policy making and implementation, enforcement and monitoring

2.1 *National environmental policy priorities*

16. All planning processes are based on the development goals articulated in the Vision 2025. Vision 2025 goals are translated into operational targets in the MKUKUTA. The MKUKUTA seeks to address poverty issues in three Clusters, namely (1) Growth and income poverty eradication (2) Improvement of quality of life and social well-being, and (3) Governance and accountability. The MKUKUTA is the foundation of the GoT-DP partnership as agreed in the Partnership Framework Memorandum and most DPs now put their support firmly behind the MKUKUTA.
17. Other key environmental policy documents are the National Environmental Action Plan (1997), the National Environmental Policy (1997), the National Climate Change Adaptation Plan (2006), the National Biodiversity Strategy and Action Plan (2000), and the National Action Plan to Combat Desertification (1999). Earlier policies include the Coastal Biodiversity Conservation Strategy (1995), the National Environmental Action Plan (1994) and the National Plan for Agenda 21 (1993). Tanzania is also party to the key international conventions on the protection of biodiversity, endangered species, the ozone layer, wetlands and climate to name but a few (Annex 5).
18. The legislative and institutional framework for environmental management is impressive. The Environmental Management Act (2004) [EMA] is the most significant environmental reform process to date and provides for a legal and institutional framework for sustainable management of the environment, prevention and control of pollution, waste management, environmental quality standards, public participation, environmental compliance and enforcement. It specifies the role of actors at various levels of government, from local government authorities (LGAs) to line ministries and outlines the various environmental management tools such as Environmental Impact Assessments (EIA), Strategic Environmental Assessments (SEA), environmental standards and the State of the Environment report. However, to date, EIA performance in Tanzania has been poor, the application of SEA is promising but is only just emerging (Andersson and Slunge, 2005).
19. The policy and legal framework for promoting local and participatory management of the environment and natural resources has been clearly developed with the Forest Act (2002) and the Village Land Act (1999) which devolve management and decision making rights over village land and forest areas to villages.
20. Budgeting processes involve a comprehensive budget strategy in the form of the Budget Guidelines which provide the strategic vision for expenditure. The Budget Guidelines are the basis for annual budget submissions from the MDAs. They reflect the MKUKUTA priorities and are intended to inform the direction of the overall MTEF. The Strategic Plans of each MDA and LGA translate MKUKUTA into budgets and action plans. The

Prime Minister's Office Regional Administration and Local Government (PMO-RALG) adapts the Budget Guidelines for use in Local Government Authorities budget submissions.

21. There is a wide gap between policymaking and planning and what actually takes place on the ground (Howlett, 2004). As will be discussed further in this report a key challenge is the lack of implementation, enforcement and monitoring of existing policies.

2.2 Institutional arrangements for delivery of environmental objectives

22. The Minister responsible for the environment in the VPO is the focal coordinator for the implementation of the EMA. The National Environmental Management Committee is the advisory body to the Minister consisting of members from relevant government departments and agencies, private sector academia and civil society.
23. The Vice President's Office-Division of Environment is responsible for environmental co-ordination and has four main functions i) formulation of policy ii) co-ordination and monitoring iii) planning and iv) policy-oriented research. The National Environment Management Council came into being in 1983 with a broad mandate to oversee environmental management issues. The subsequent enactment of EMA gave NEMC the mandate to undertake enforcement, compliance, review and monitoring of EIAs, research, facilitating public participation in decision-making, raising awareness and the collection and dissemination of information.
24. The Regional Secretariat is responsible for the coordination of all advice on environmental management in the regions and a Regional Environmental Management Expert is responsible for advising LGAs on such matters. All levels from the district down to hamlet have well elaborated institutional mandates and responsibilities for environmental management (this is discussed further in section 83).

3 Budget analysis

3.1 Data sources

25. There are clear difficulties in tracking the flow of funds in a policy area, such as the environment, which does not have a conventional sectoral organisational or governance structure. For purposes of this study the budget analysis was limited to the Division of Environment and three divisions of the Ministry of Natural Resources and Tourism (MNRT): the Wildlife, Forestry and Beekeeping, and Fisheries Divisions². This section presents figures for environmental spending and revenue drawn from budget data between 2001/2 and 2007/8 . The main source of data for this analysis was the GoT's Budget Books (Volumes 1, 2 and 4) which state the actual figures for two years previously, the approved estimates for the previous year and the estimates for the current year. Classification of the budget is not according to spending programmes but is shown by sub vote (division or unit within a division). Information on the sector level budgeting for programmes was available from the MTEFs, though these figures do not reflect actual spending.
26. In the budget books, expenditure is reported in two categories, 'recurrent' (salaries and subvention) and 'development' expenditure. The development expenditure is disaggregated into 'local' and 'foreign' sources. The main sources of revenue are from taxes (and other levies), foreign grants and loans. Most of the taxes are levied by the

² In this analysis, figures from 'MNRT do not include figures from the Tourism Division (unless stated otherwise)

Tanzania Revenue Authority and the rest by local government authorities (LGAs) and sector ministries which are permitted to retain a proportion of this revenue.

27. Other studies by the World Bank (2005), Milledge et al. (2007), Ruitenbeek and Cartier (2007) and the Public Environmental Expenditure Review (PER) for the environment sector (URT, 2004) have examined environmental-related finances but due to the differences in their definitions of the 'environment' sector they were not drawn on in this study as primary sources of data. The Public Environmental Expenditure Review for example, included figures from the agriculture, livestock, fishing, hunting, tourism, electricity, mining and water sectors in its definition of environmental spending and revenue, thus defining 'environmental expenditure' in a much broader sense than was used in this study.

Expenditure

3.2 The Division of Environment

Since FY 2005/6 the DoE has experienced an unprecedented increase in recurrent budget, staff and activities

28. Total expenditure figures for the DoE³ over the period between FY 2001/2 and FY 2006/7⁴ shows a slight decline until 2003/4. An examination of recurrent and development spending separately shows that the significant peak in overall expenditure in 2003/4 was due to development budget funding. Recurrent expenditure decreased in 2002/3 but started to rise again in 2003/4 (Figure 1) and comparison with total national recurrent spending shows its decreasing importance since 2001/2 (Figure 2). However, since 2006/7 the DoE reports an unprecedented increase in budget, staff and activities. Figures for actual expenditure since 2006/7 were not available, but approved estimates suggest that the DoE recurrent budget from GoT sources has indeed significantly increased from 1 billion Tsh in 2005/6, to 5.7 billion Tsh in 2006/7. The 2006/7 budget speech was the first year that environmental issues were explicitly included as a priority issue. However, budget estimates for 2007/8 show a fall in the recurrent budget to 4.2 billion Tsh (Table 4) some have attributed this to the assumed arrival of DP funds for the development budget under the Environmental Management Act Support Programme (EMA-SP) (EU, 2007).

Table 4 Recurrent expenditure by the DoE: actual versus approved estimates, 2001/2 to 2007/8

YEAR	2001/2	2002/3	2003/4	2004/5	2005/6	2006/7 (estimate)	2007/8 (estimate)
ACTUAL	1.44	0.88	0.83	0.92	1.145		
APPROVED ESTIMATE	0.56	0.7	0.82	0.885	1.08	5.675	4.195

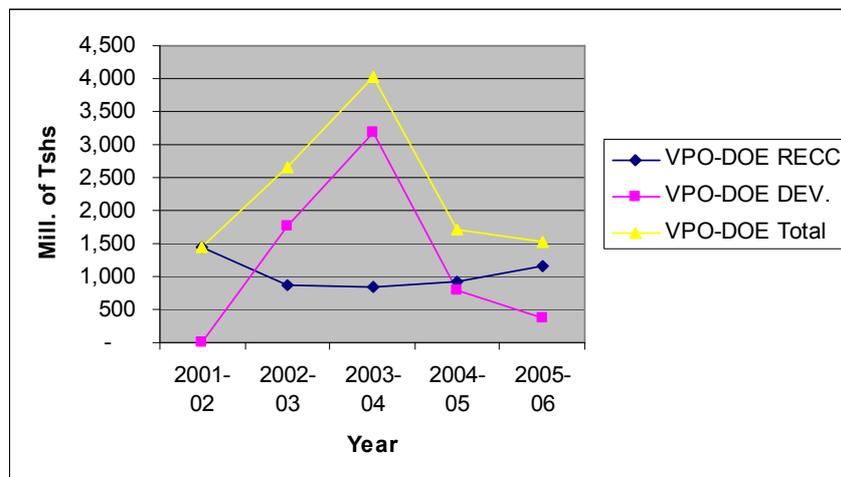
Source: Government Budget Books: approved estimates of public expenditure consolidated fund services and supply votes (ministerial), Vol. II

29. An examination of the recurrent and development expenditure separately shows that the significant peak in overall expenditure in 2003/4 was due to development budget funding. Recurrent expenditure decreased in 2002/3 but started to rise again in 2003/4.

³ The budget presents separate figures for the National Environment Management Council but for purposes of this analysis (unless stated otherwise) we have included the NEMC figures within the figures presented for the 'DoE'.

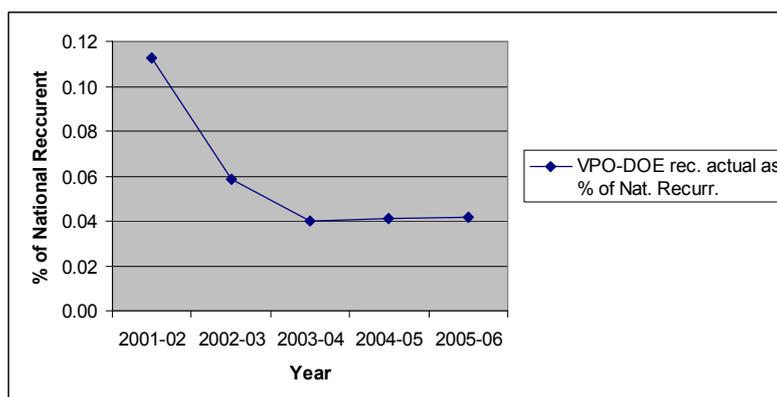
⁴ Unless otherwise stated figures for 2006/7 are 'estimates' not approved 'estimates'

Figure 1 Recurrent, development and total actual expenditure by the DoE 2001/2 – 2005/6



Source: Government Budget Books

Figure 2 Actual recurrent expenditure by the DoE as a percentage of national recurrent expenditure



Source: Government Budget Books

Large annual variations in the total DoE budget are a result of the development budget which is predominantly foreign sourced and project-based.

30. Development spending, which is predominantly foreign sourced and project based, peaked significantly in 2003/4. Three foreign-funded projects dominated this peak: i) the Lake Victoria Management Programme (1.3 billion Tsh) ii) the Lower Kihansi Environmental Management project (1.3 billion Tsh) iii) and the Tanzania Coastal Management Project (0.6 billion Tsh). Since 2003/4 the development budget has fallen substantially and by 2005/6 it was only 12% of that what it was that year. The only year in which there is a record of local sources providing funds for development spending was in 2004/5.
31. The DoE budget makes up 39% of the estimated total VPO budget for 2007/8. In the VPO MTEF for 2007/8, the DoE is allocated 12.1 billion Tsh and NEMC 7 billion Tsh. Figures in for National Environmental Management Council (which are only shown in the recurrent budget) suggest NEMC's spending, though increasing substantially in amount, is decreasing in relation to the spend by the rest of the DoE. In 2004/5 expenditure on

NEMC was 64% of the total DoE budget, but in the 2006/7, this had fallen to 30% of the budget (Table 5).

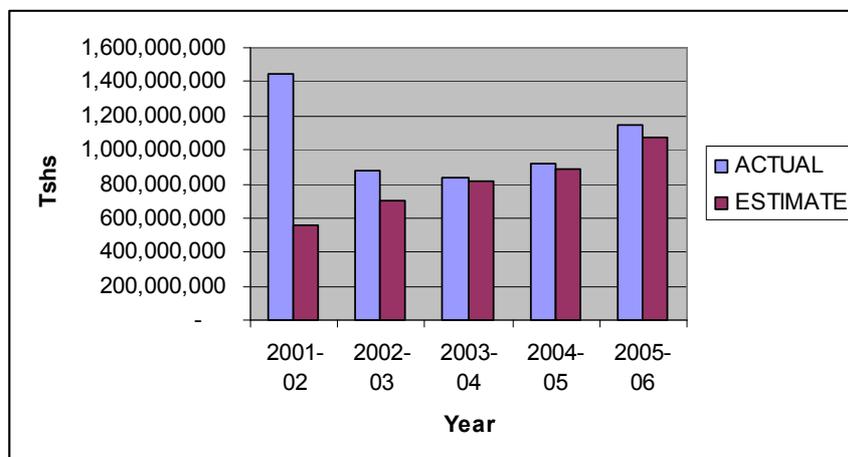
Table 5 Recurrent expenditure by the NEMC: actual versus approved estimates, 2002/3 to 2007/8

	Actual NEMC (billion Tshs)	Approved estimate NEMC (billion Tshs)	NEMC actual as % of total DoE actuals	NEMC approved estimate as % of total DoE approved estimates
2002/3	0.48	0.48	55	69
2004/5	0.59	0.553	-64	63
2005/6	0.73		-64	-
2006/7		1.71		30
2007/8		1.69		40

Source: Government Budget Books

32. However, this trend is reversed if the recurrent budgets are separated out, showing that the problem of mismatch only affects the development budget where spending is very low in comparison to the approved estimates. In 2005 for example, spending was 8% of the approved estimates. On the other hand, recurrent spending in the period 2001/2 to 2005/6 was consistently more than the approved budget estimates (Figure 3). This suggests that the problem is due to the postponement of allocation of approved development budgets (which is predominantly from foreign sources).

Figure 3 DoE's recurrent expenditure: actual versus estimates 2001/2-2005/6



Source: Government Budget Books

The development budget shows low levels of actual spending in relation to approved estimates

33. There is a considerable mismatch between approved estimates and actuals in the DoE figures and the problem appears to be getting increasing more acute (Table 6). The average spend between 2001/2 and 2005/6, as a percentage of approved estimates, was 47%.

Table 6 Recurrent and actual expenditure by the DoE: actual versus approved estimates, 2002/3 to 2005/6

Year	2002/3	2003/4	2004/5	2005/6
Actual as % of approved estimate	68	56	38	26
Actual recurrent as % of approved estimate recurrent	126	102	104	106
Actual development as % of approved estimate development	55	50	22	8

Source: Government Budget Books

3.2.1 Priority activities

Although much DP funding is off-budget, DP-funded projects activities also dominate the MTEFs for both DoE and NEMC (44% and 54% of the respective budgets). Relatively small budgets are allocated to stated priorities. The activities of NEMC in particular are characterised by a plethora of projects which appear to fall outside their stated objectives.

34. The priority programmes in the DoE's 2007/8 MTEF reveals that the highest budget is ear-marked for the Lake Tanganyika project (44%⁵), the Environmental Management Act Support Programme (EMA-SP) (16%) and international conventions (11%) (see Annex 3). The Lake Tanganyika project is predominantly funded by development partners (UNDP, GEF and AfDB) and the EMA-SP has an overall budget of \$40.7 million of which Denmark has pledged to provide \$6.4 million USD (URT, 2007a). Other DPs are currently considering whether to fund the EMA-SP.
35. Despite the primacy of these issues, relatively little expenditure is focused on monitoring and data collection or on sector and LGA support. The latter has only been allocated 2.1% of the DoE budget (with another 1.8% on the preparation of District Environmental Management Plans and Programmes).
36. 54% of the NEMC budget is earmarked for projects which appear to lie outside its stated objectives. The largest of these, the Africa Stockpile programme (funded by GEF) is earmarked for 15.5% of NEMC's budget. Only 4.3% of NEMC's budget will be spent on the development of EIA mechanisms, 7.5% on compliance and 0.9 % on legal affairs. These are small amounts given that these activities are perceived to be the core mandates of NEMC.

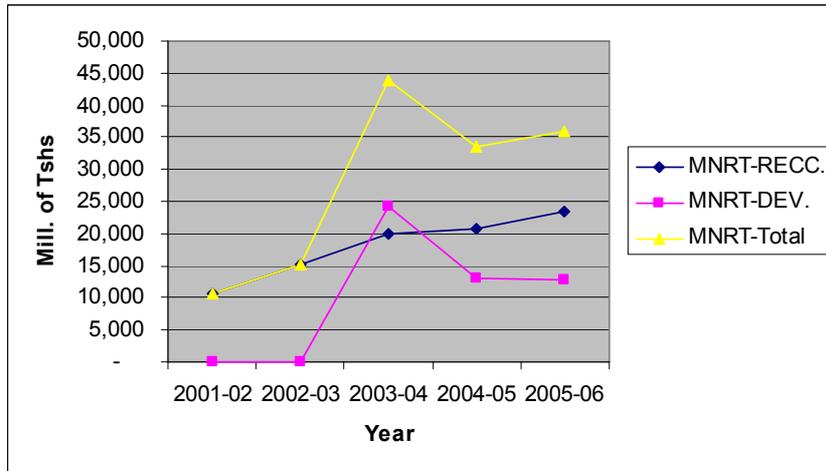
3.3 Ministry of Natural Resources and Tourism

Total expenditure of the MNRT increased between 2001/2 and 2006/7 in line with the national budget. There has been a significant decrease in 2007/8 budget estimates particularly in the Wildlife and Fisheries Divisions

37. MNRT's financing occurs through a combination of the budget allocation from the treasury, retention and DP contribution. Overall, the total amount of actual expenditure the Wildlife, Forestry and Beekeeping and Fisheries divisions of the MNRT increased considerably between 2001/2 and 2006/7 (Figure 4) however, as a percentage of total national budget this trend is less clear and the percentage appears to have remained more or less constant (Figure 5).

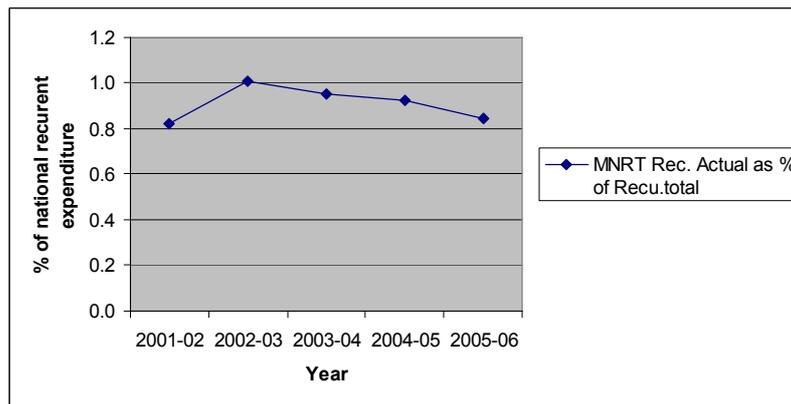
⁵ As the figures are available from the MTEF, this section breaks out the % for NEMC and DoE separately, unlike the rest of the report where when we refer to expenditure and estimates we are referring to a combined total of DoE and NEMC figures

Figure 4 MNRT's actual expenditure: recurrent, development and total, FY 2001/2 – 2005/6



Source: Government Budget Books

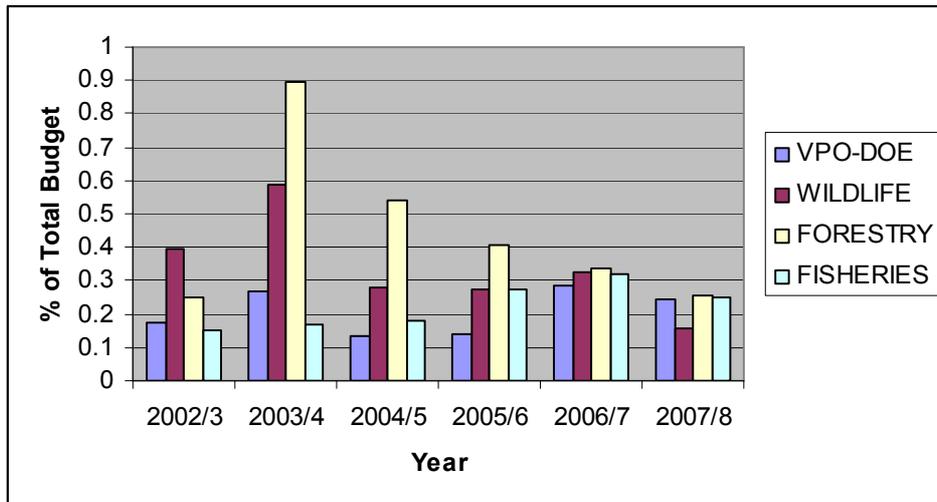
Figure 5 MNRT's actual recurrent expenditure as percentage of national recurrent expenditure



Source: Government Budget Books

38. More recently, the budget estimates for MNRT show a significant decrease from 8.6 billion Tsh in 2006/7 to 6.9 billion Tsh in 2007/8, predominantly as a result of budget allocation decreases in the Wildlife and Fisheries Divisions (Figure 6). Overall, the Forestry and Beekeeping Division (FBD) has the biggest share of approved budget compared to the rest of the sectors.

Figure 6 Sectoral budget estimates as percentage of total budget estimates



Source: Government Budget Books

The recurrent budget has seen a steady increasing trend but between 2003/4 and 2004/5 the development budget halved. There were particularly significant increases in the Wildlife Division's recurrent budget and decreases in its development budget

39. Total expenditure from these three divisions peaked in 2003/4 as a result of high levels of development expenditure. In that year the development budget was dominated by the Forest Conservation and Management Project (49% of the development budget), the management of the Selous Game reserve (20%) and participatory forest management (10%). However, between 2003/4 and 2004/5 the development budget halved. There was, for example, a particular decrease in development spending in the Wildlife Division and FBD since 2003/4. In the FY 2005/6 spending in the Wildlife Division was 12% of 2003/4 figures. No development spending from local sources occurred in the Fisheries and Wildlife Divisions between 2001/2 and 2005/6.

40. The recurrent expenditure for MNRT shows an overall increasing trend since 2001/2 (Figure 4) with the Wildlife Division doubling its recurrent spending between 2001/2 and 2002/3 (Table 7). Estimates for 2007/8 do suggest a fall in recurrent budgets particularly in the Wildlife Division.

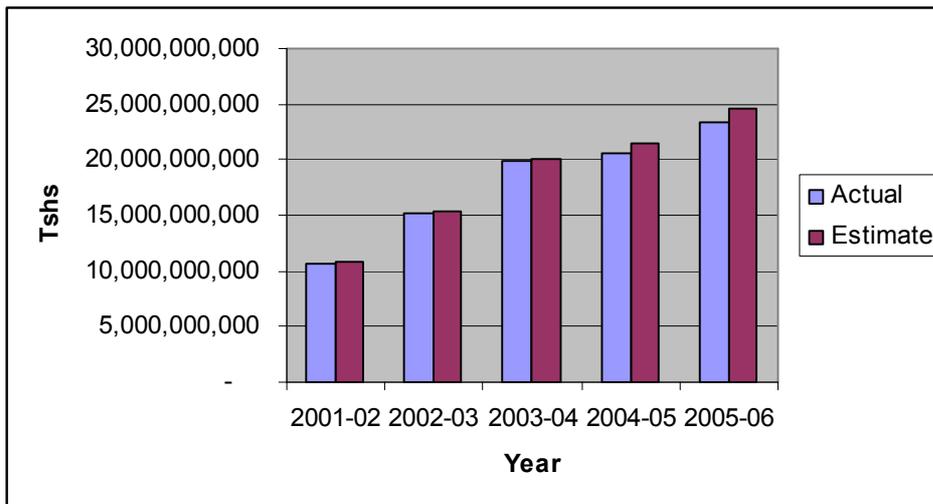
Table 7 Actual expenditure: recurrent and development in three divisions in the MNRT, FY 2001/2-2007/8 (Billion Tshs)

YEAR	WILDLIFE		FORESTRY		FISHERIES	
	Actual recurrent	Actual Development	Actual recurrent	Actual Development	Actual recurrent	Actual Development
2001/2	3.2		4.3		3.07	
2002/3	6.6		4.9		3.69	
2003/4	7.6	7.68	7.63	16.41	4.65	
2004/5	7.2	2.36	7.66	10.26	5.77	0.3
2005/6	7.96	0.95	9.03	0.42	6.3	4.59
2006/7	8.65		9.51	0.4	6.83	
2007/8	6.95		9.39	0.48	5.91	

Source: Government Budget Books: Volume II and IV

41. The budget estimates for 2007/8 show a decrease in budget allocation and the MNRT Strategic Plan for 2007-2010 notes that problems have arisen from inadequate budgetary ceilings and the unreliable release of funds. Frequent budget cuts are also referred to, for example, it is said that during 2006/7 the MNRT had to cut 3.8 billion Tsh due to Ministry of Finance (MoF) requests for reallocation as a result of national flooding problems (pers. comm, September, 2007). However, the overall match between approved budget and actuals appear to be remarkably good in the MNRT (Figure 7), especially for the FY 2003/4 to 2005/6, though if these rates are compared to national rates (Table 8) they stand below average.

Figure 7 MNRT recurrent versus estimate budgets FY 2001/2-2005/6



Source: Government Budget Books: Volume II and IV

Table 8 Total (recurrent and development) MNRT expenditure, FY 2001/2 – 2007/8 (Billion Tshs)

MNRT	Actual	Approved estimate	Actual as % of approved estimate	National actuals as % of national approved estimates
2001/2	10.56	11.94	88	
2002/3	15.79	22.05	69	98
2003/4	43.95	44.48	99	103
2004/5	33.55	34.77	96	103
2005/6	36.005	39.51	91	99
2006/7		47.82		
2007/8		40.11		

Source: Government Budget Books

Disparity between the approved estimates and actual spending is low. Any disparity is a result of the development budget, a particular problem in the FBD

42. The FBD in particular shows a particularly large disparity (Table 9). However, separating out the recurrent from development expenditure shows that there is a close match between approved and actual recurrent figures of more than 90% of the approved estimates. As in the case of the DoE, any disparity between approved and spending is a result of the development budget.

Table 9 Actual expenditure as a percentage of approved estimates in three divisions in the MNRT, FY 2001/2-2005/6

Year	2001/2	2002/3	2003-4	200-5	2005/6
Actual (total) as % of approved estimate					
Wildlife	77	75	96	98	78
Forestry	99	89	100	96	56
Fisheries	91	109	102	96	97
Actual recurrent as % of approved estimate recurrent					
Wildlife	101	104	97	102	96
Forestry	99	89	100	92	94
Fisheries	95	109	102	96	94

Source: Government Budget Books: Volume II and IV

3.3.1. Priority activities

Though there is a clearer match between stated priorities in the MNRT's Strategic Plan and budget allocation in the MTEF than the DoE there is some disparity. There is no evidence of budgeting for specific environmental issues such as EMA implementation.

43. Stated priorities in the MNRT's Strategic Plan (2007-2010) cover several areas:

- Improvement of revenue collection and reduction in illegal activities;
- Institutional capacity building;
- Stakeholder involvement;
- Management decision-making and accountability; and
- Increasing opportunities from Bilateral and Multilateral Agreements with the recognition that few staff are exposed (FBD-MNRT, 2007).

44. Examination of the actual planned expenditures in the MTEF for 2007/8 reflects these priorities to some degree in that they show a heavy emphasis on monitoring and surveillance as well as on capacity building. The largest planned expenditure for the Wildlife Division is on surveillance (41% of their budget, more than half of which is on the Selous Game Reserve) and 12 % of the fisheries budget will be spent on surveillance and monitoring of water bodies.

45. In terms of institutional capacity building budgeting is proportionally high with the second biggest budget line of the Wildlife Division allocated to research and training (32.5%) and 82% of this amount for training centres. The FBD is planning to spend 45% of its budget on 'capacity for field research, surveys and training' (with about half of that amount for Tanzania Forest Research Institute). 24.5% of the Fisheries Division MTEF budget for 2007/8 is allocated to the Tanzania Fisheries Research Institute.

46. Other priorities listed in the strategy are less clearly budgeted for. 'Increasing opportunities from international agreements' receives 1% of the budget in both the Wildlife and Forestry and Beekeeping Divisions, and 'awareness-raising' receives only 2% of the FBD budget. 22 % of the budget for the Fisheries Division will be spent on working environment, statutory benefits and facilities and the FBD is planning to allocate 25.5 % of its budget to training and staff welfare/statutory rights.

47. The TORs for the National Forest and Beekeeping Joint Sector Review (FBD-MNRT, 2007) suggests that significant developments in the forest sector include revenue collection (see discussion in paragraph 56 of this report), the Urgent Action for Land

Degradation and Watershed Protection (see section 4.1), harmonisation under the EMA, the energy crisis and climate change. Analysis of the MTEF for this year suggests that none these areas have been prioritised in terms of budgeting.

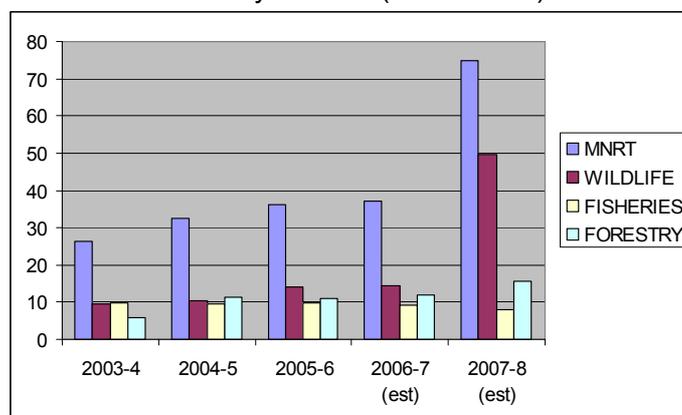
3.4 Revenue and contribution to GDP from these sectors

48. The Public Environmental Expenditure Review (URT, 2004) concluded that between 1995 and 2002 the environmental sectors contributed 57% to GDP. However, the review does state that the *real* contribution of different sectors to the national income could not be captured since the associated environmental costs have not been deducted. Analysis of the Economic Survey data between 2001 and 2006 suggests a stable GDP contribution of 3% from forestry and hunting and 2.5% from fisheries with a decreasing trend. Agriculture accounts for 60% of export earnings and 84% of employment (DoE-VPO, 2006) suggesting this sector's importance is in decline (URT, 2005a). In 2005, the forestry and hunting sub-sectors grew by 45% compared to 3.8 % in 2004 (DoE-VPO, 2006: 136). Tourism revenue rates, partly due to wildlife, grew on an average by 30% a year between 1994 and 2004 (DPG-E, 2005). Mining is one of the fastest growing economic sectors, growing by 17% in 2003 (DoE-VPO, 2006).
49. The DoE itself does not currently collect any revenue from environmental resources: any fines and penalties associated with the Environmental Management Act (EMA) are collected by LGA or sector ministries. For purposes of this study, analysis of environmental revenue focuses on revenue collection by the MNRT in the Divisions of Wildlife, Forestry and Beekeeping, and Fisheries.

MNRT revenue has shown a steady increase with recent significant increases estimated for 2007/8 particularly from the Wildlife Division

50. The main sources of revenue for MNRT are from royalties, fees and concessions. The figures from MNRT between 2003/4 and 2005/6 shows a steady increase in revenues from 26 billion Tsh to 36 billion Tsh (Figure 8). Estimates for the 2007/8 show a large increase to 75 billion Tsh predominantly in the Wildlife Division (Table 10). In the three years from 2003/4 to 2005/6 actual revenue collection surpassed the approved estimates. In 2004/5 the FBD brought in 233% of its approved estimates (Table 11).

Figure 8 MNRT: revenue collection by division (Billion Tshs)



Source: Government Budget Books

Table 10 MNRT revenue collection by division (Billion Tshs)

	2003/4	2004/5	2005/6	2006/7	2007/8
	ACTUAL	ACTUAL	ACTUAL	APPROVED ESTIMATE	ESTIMATE
MNRT	26.4	32.55	36.3	37	74.8
WILDLIFE	9.55	10.5	14.1	14.5	49.7
FISHERIES	9.7	9.4	9.7	9.2	8.1
FORESTRY	5.8	11.4	11	11.9	15.6

Source: Government Budget Books Volume 1

Table 11 MNRT revenue collection by division; actuals as a percentage of approved estimates

	2003/4 % of Approved estimate	2004/5 % of Approved estimate	2005/6 % of Approved estimate
MNRT	123	130	111
WILDLIFE	104	106	112
FISHERIES	152	115	109
FORESTRY	121	233	108

Source: Government Budget Books Volume 1

Total retention amounts are increasing but estimated retention rates have decreased dramatically since 2006/7

51. A retention scheme was started in 1998 to allow the MNRT to retain a percentage of revenue. Retained revenue brings an increased assurance of expenditure in comparison to the discretionary allocation from the Ministry of Finance. The level of retention is set according to an assessment of the costs (such as security) of collecting revenue. Total amounts of retention revenue are increasing (Table 12), but the retention rates themselves are declining with a dramatic fall in retention rate in the 2006/7 approved estimates (Table 13). These figures do not however capture the amounts retained by LGA who are key players in environmental management which suggests the need to encourage revenue collection at these levels. Decreasing levels of budget allocation are identified by Clarke and Nokkala (2007) to be contributing to strong disincentives in this respect.

Table 12 MNRT: Retention rates by division FY 2003/4 - 2007/8

	2003/4	2005/6	2006/7	2007/8
	Actual	Actual	Approved estimate	Estimate
WILDLIFE	6.69	10.18	9.88	19.37
FISHERIES	9.7	6.96	5.31	3.25
FORESTRY	5.24	5.59	5.35	N/A

Source: Government Budget Books, Volume 1

Table 13 MNRT: Retention by division: retention as a percentage of revenue FY 2003/4 - 2007/8

	2004/5	2005/6	2006/7
	Retention as a % actual revenue	As a % of approved estimated revenue	As a % of approved estimated revenue
WILDLIFE	72	68	39
FISHERIES	72	58	40
FORESTRY	51	45	N/A

Source: Government Budget Books, Volume 1

The Wildlife Division provides the main source of revenue for the MNRT in the form of hunting licenses. The share and total of fisheries revenue has shown a recent dramatic decline. Forestry revenues are increasing in real terms but provide a decreasing share of MNRT's total.

52. The main sources of revenue in the Fisheries Division are from fishing and export licenses, and export royalties. However, the importance of export royalties as a percentage of total ministry revenue has been declining, from 31 % in 2001/2 to an estimate of 11% in 2007/8. Until 2003/4, fisheries provided the largest share of revenue contribution to the MNRT but since 2004/5 its share (and total) has declined drastically from 29 % of total ministry share in 2003/4 to an estimated 11% in 2007/8. The retention rate in the sector varies annually, while the Wildlife Division was allowed to retain 100% of its share in 2004/5, this declined to an average approved estimate of 72% in 2006/7 and an estimated 40% in 2007/8.
53. The Wildlife Division provides the main source of revenue for MNRT. Actual revenue has seen a steady increase from 14.5 billion Tsh in 2005 to an estimate of 49.7 billion in 2007/8. Its share of total MNR revenue has also increased from 42.5 % in 2001/2 to an estimate of 66% in 2007/8. Hunting licenses are the main income source, in 2005 they brought in 37% of the total MNRT's⁶ revenue but in the year 2007/8 are estimated to bring in 65%. Several significant changes were made in the 2007/8 budget including a high profile increase in hunting license fees. At the same time retention rates in the Wildlife Division fell from an average of 67.5% to 42%, and in the case of hunting licenses from 67% to 11%.
54. Forestry revenues increased substantially between 2003/4 and 2004/5 from 5.8 to 11.4 billion Tsh. Between 2004/5 and 2006/7 the figure remained stable but it is estimated to rise quite substantially to 15.6 in 2007/8 (Table 10) This predicted increase is due to a considerable rise in official royalty rates in June 2007. In addition collection penalties for illegal forest activities increased by 53% and collection of registration fees grew by 30% (Clarke and Nokkala, 2007). The NFP review (2007) comments that 'the level of sectoral self-financing and the share between GoT-DP financing have progressed in the right direction, mainly due to increase in forest sector revenue collection, and therefore the funds available from the retention scheme'. However, the budget book figures show the declining importance of FBD revenue as a proportion of MNRT revenue from a contribution of about 35 % in 2004/5 to 20 % in 2007/8. In 2004 the amount of retention in the FBD also increased substantially but the rates drastically decreased from 51% in 2005/6 to an approved estimated of 45% in 2006/7 (Table 1).

Recent studies have highlighted the under-reporting of revenue in the natural resource sectors. This has led to much debate over the need to increase efficiency. However, the 2007/8 MTEFs show limited budgeting for this issue: 'revenue leakage reduction; in the Forestry and Wildlife Divisions receives only 2.25 and 2.5 % of the budget respectively and the fisheries MTEF makes no mention of revenue collection.

55. The issue of underreporting of revenue has received recent high profile attention and has been highlighted by a number of reports (URT, 2004; Milledge et al., 2007). The recent TRAFFIC report (Milledge et al., 2007) estimates that 97% of revenue is lost from the FBD amounting to a figure of 40 billion uncollected forest revenues (Clarke and Nokkala, 2007). The report also established that there were discrepancies between the forest product export figures reported by authorities in Tanzania and China. Trade statistics for 2004 show China imported ten times more timber products from Tanzania than appear

⁶ This figure including data from the Tourism Division

on Tanzania's own export records. Milledge et al. (2007) in particular highlights the problem of mismanagement at all levels of government poor regulation and a lack of capacity. This has led to much debate on the missed opportunities in the sector to collect revenue and the need to increase efficiency. The issues raised in these debates include the potential role of the Tanzania Revenue Authority, the responsibility of PMO-RALG and the problem of capacity at the district level to increase revenue collection. There is also some talk of mobilising funding from the private sector by promoting public-private sector partnerships (FBD-MNRT, 2007).

56. A recent study by Clarke and Nokkala (2007) suggest that the lack of staff and low level of expenditure on revenue collection and enforcement is contributing to the problem. The MNRT's strategic plan for 2007 - 2010 emphasises the need for strengthening revenue collection and the diversification of the revenue generating sources. However, there is relatively little attention to revenue and governance related issues in the MTEF: 'revenue leakage reduction' in the Forestry and Wildlife sectors receive only 2.25 and 2.5 % of the budget respectively, whereas the fisheries MTEF makes no mention of revenue.

3.5 Development partner funding in the environmental arena

There is a high level of DP funding for environmental sectors. 88% of the funding is allocated to natural resources

57. DPs have provided significant levels of support to the environmental issues. A survey by the Development Partner Group for Environment (DPG-E) (May, 2007⁷) highlights the high level of DP involvement in the environment arena. The 'blue' sub-sector, which predominantly includes the fisheries sector, receives the largest amount of funds (approximately 60%), with two agencies (EC and World Bank) accounting for about 97% of the funding. However, some resources are shared with neighbouring countries which may distort the figures. The 'green' sub-sector is the second largest recipient (receiving about 28% of the overall total sum), with the largest amount spent on bio-diversity. The 'brown' sector (urban environmental issues) accounts for only about 10% of the overall funding (Table 11). All regions, and approximately 78% of all districts, receive environment-related DP support.

Table 11 DP funding for different environmental sectors

Sub-sector description	\$ US
Fisheries	182.3
'Green' sector policy and administrative management & research	112.4
Water resources policy and administration	71.2
Water supply	22.9
'Brown' sector environmental policy and administration	12.1
Waste management	5.6

Source: DPG-E survey, 2007

58. The largest number of agencies is engaged in the 'green' sub-sector (11 in total) and 9 of these are involved in the bio-diversity sub-sector. 6 agencies are involved in forest management while land management and energy supply are each only supported by FAO and UNDP respectively. The DAC-OECD database for 2003/4 records that 78% of Swedish aid to Tanzania was 'environment-focused', 54% of Danish aid, 32% of EC aid and 18% in the case of Norwegian aid

⁷ The survey does not include responses from ILO, UNIDO, CIDA, SIDA and FAO.

The development budgets are predominantly DP funded and show evidence of DP priorities

59. There is a high level of dependency on foreign funding and this does raise the question of the degree to which this funding is affecting the allocations from the MoF. The 2007/8 VPO budget speech states that environmental financing may remain DP dependent for some time (URT, 2007a). While the recurrent budget is primarily funded from GoT's own revenue, the development budget is for the most part DP funded (Table 12) although much DP support is not captured by GoT statistics.

Table 12 Sources of development budget in DoE and selected divisions of MNRT FY 2003/4 - 2005/6

	DoE		Wildlife		Forestry		Fisheries	
	LOCAL	FOREIGN	LOCAL	FOREIGN	LOCAL	FOREIGN	LOCAL	FOREIGN
2003/4	-	3.2	-	7.68	0.16	16.24	-	-
2004/5	0.42	0.38	-	2.36	0.29	9.96	-	0.3
2005/6	-	0.38	-	0.95	0.21	6.97	-	4.59

Source: Government Budget Books, Volume IV

60. Few new earmarked initiatives are planned in this sector, rather DPs will continue in already supported areas. Denmark is in the process of moving from a project focus to sector programme support and has earmarked \$30 million over five years for the environment sector in the areas of urban environment, the implementation of EMA (through the EMA-SP) and the participatory forest management basket. The Norwegians also plan to move to basket funding (and possibly sector budget support) within both the MNRT and the DoE. Funding from other DPs for the EMA-SP has not, to date, been committed.

61. There is evidence of DP's own priorities affecting funding to the sector, for example, Norway's reversal of a decision to reduce environmental funding as a result of the interests of their new government and Germany's planned withdrawal from the sector as a result of their overall policy focus on water and health.

3.5.1 Division of Environment - VPO

DPs have played a significant role in the funding of the DoE and before 2006/7 it received a minimal level of GoT budget. Most DP funding has occurred off-budget or through CBF arrangements

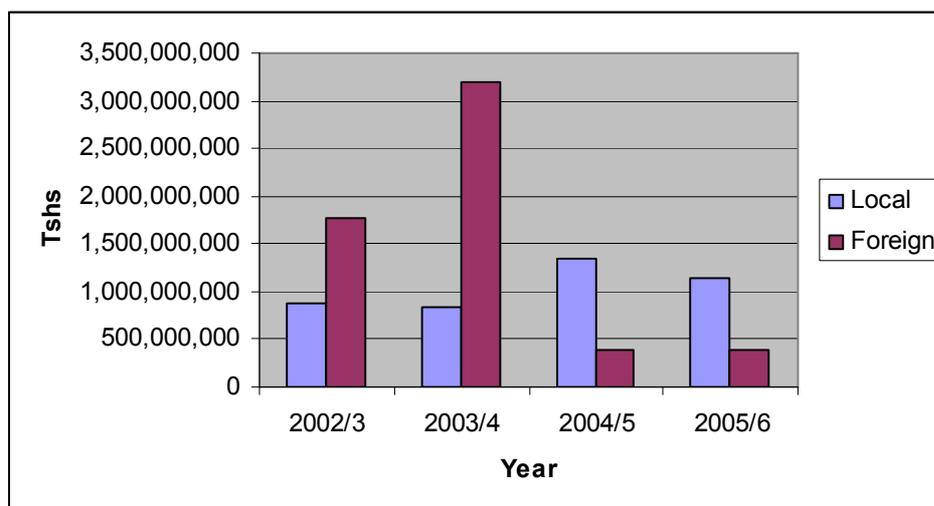
62. DPs have played an important role in the funding of the DoE, and until last year the DoE received a minimal level of GoT budget. The main funders of the DoE have been Denmark and UN Habitat, though the recent budget books show funds also received from IDA, FAO, USAID and GEF. The budget figures show a sharp decline in foreign funding since 2003 (Table 16 and Figure 9) but there are issues of reporting which have to be taken account of in this data as some DP funding is off-budget. World Bank and AfDB funds, for example, have not been mainstreamed into the budget.

Table 13 DoE: Sources of actual expenditure budget 2002/3 - 2005/6

	Local	Foreign	Foreign as % of total
2002/3	881,510,902	1,763,692,450	67
2003/4	832,198,950	3,195,800,100	79
2004/5	1,339,986,400	380,200,000	22
2005/6	1,145,017,817	,200,000	25

Source: Government Budget Books, Volume IV

Figure 9: DoE: Sources of actual expenditure budget 2002/3 - 2005/6



Source: Government Budget Books, Volume IV

63. DP funding has been dominated by a high volume of off-budget project and common basket funding (the Lake Tanganyika project which represents 44% of the DoE's MTEF for 2007/8). This means that the DoE has continued to have access to financing channels that largely by-passed the Ministry of Finance and the national budget process. GEF funding has the potential for distortion within DoE and NEMC budgets.

There is a significant mismatch between approved estimates and expenditure of foreign sourced funding

64. There is a large mismatch between approved estimates and expenditure of foreign sourced funding in the DoE, spending in 2005/6 was a mere 8% of the approved estimates (Table 17). However, the degree to which this is due to poor recording rather than low absorption capacity is not apparent from the figures.

Table 14 DoE: actual expenditures as a percentage of approved estimates 2001/2 -2007/8

YEAR	2002/3	2003/4	2004/5	2005/6
DoE	55	50	10	8

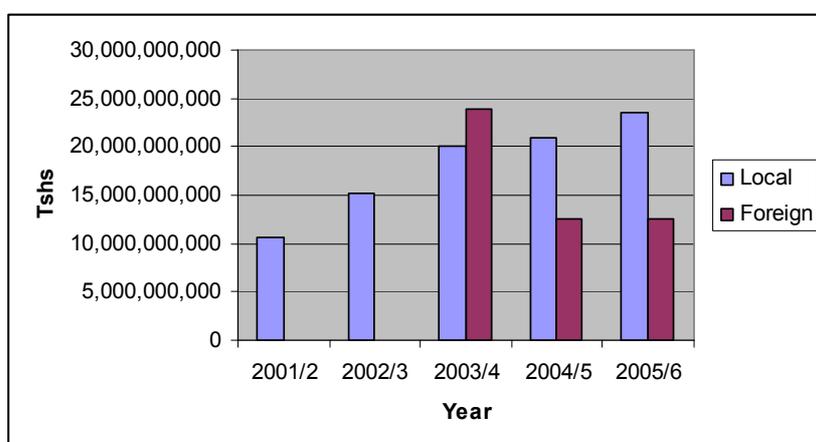
Source: Government Budget Books, Volume IV

3.5.2 Ministry of Natural Resources and Tourism

DPs provide a significant levels of financing to the MNRT but levels are decreasing.

65. DPs provide a significant financial contribution to the MNRT and, although development assistance has been decreasing (Figure 10), the MNRT's Strategic Plan 2007-1010 acknowledges the continuing important role of DPs. For example the budget figures suggest that there has been no locally sourced development spending in Fisheries and Wildlife Divisions to date (Table 18). The plan does however refer to the need for the strengthening to enable effective absorption of DP assistance.

Figure 10 : MNRT Sources of actual expenditure budget 2001/2 - 2005/6



Source: Government Budget Books, Volume IV

Table 15 MNRT Sources of actual expenditure budget FY 2001/2 - 2005/6

	Local	Foreign	Total	Foreign as % of total
2001/2	10.56	-	10.56	
2002/3	15.19	-	15.18	
2003/4	20.02	23.92	43.95	54
2004/5	20.02	12.63	33.55	38
2005/6	23.5	12.505	36.01	35

Source: Government Budget Books, Volume IV

66. The mismatch between approved estimates and spending of foreign sourced funds is less acute than in the DoE (Table 19) though figures from 2005/6 suggest some problem in this respect in the Wildlife Division where 313% of the approved foreign budget appears in the figures for actual expenditure. The review of National Forest Programme (FBD-MNRT, 2007) also states that DPs' contribution has lagged behind the planned budget in this sector. The reasons for this under-spend are noted to be (i) continued lack of spending and poor absorption capacity and (ii) lengthy processing of agreements and procurement. On the other hand, GoT actual expenditure on NFP implementation during the first year of the three-year programme has been considerably higher than that originally budgeted.

Table 16 MNRT: development foreign sourced actual expenditure as a percentage or approved estimates 2002/2 – 2005/6

YEAR	WILDLIFE	FORESTRY	FISHERIES
2002/3	-	NA	na
2003/4	96	100	na
2004/5	87	99	100
2005/6	31	99	100

Source: Government Budget Books, Volume IV

There are increasing moves towards CBF and some talk of Sector-Wide Approach Programmes (SWAPs) but current systems of dialogue would need to be significantly altered to allow a SWAP approach driven by the ministry and the MoF

67. Almost all agencies involved in the DPG-E support 'green' environmental issues where as the 'blue' issues are primarily supported by the WB and EC (DPG-E survey, 2007). The proliferation of agencies in both of these sectors is increasing attention on CBFs (with some talk of a move to a SWAP approach). Under the fisheries sector in Tanzania, there is considerable DP activity both at the national level and in regional programmes, and a discussion is beginning to take place around a Fisheries Development SWAP.

Table 17 Variance between government budget and funding for the FBD (Million Tshs)

Sub-development Programme	Total Budget		Variance	Projected DP funds as a % of total budget
	Total Budget	Projected DP/GoT Budgets for the NFP/NBKP	Total	
Participatory Forest Resource Management	756	2,502	1,746	331
Forest Biodiversity Conservation & Management	412	121	-291	29
Land Use Planning	192	387	195	201
Forest Resource Information & Management Planning	1,291	879	-412	68
Strengthening Institutional set up & Coordination	3,674	3,887	212	106
Human Resources Capacity	3,121	5,713	2,592	183
Financing	3,776	1,772	-2,004	47
Extension & awareness	3,967	440	-3,527	11
Research	512	502	-10	98
Policy analysis, planning & monitoring	264	432	168	164
Forest resource evaluation	38	41	3	109
Development of laws & regulations	388	278	-111	72
Development of sector specific EIA regulations	22.5	3	-19.5	13
Information about wood & non-wood forest products	76	156	80	206
Marketing of & awareness building	198	80	-118	40
Forest Industry development	405	543	137.5	134
Infrastructure development	166	187	21	113
Conservation of bee reserves	100	48	-52	48
Improvement bee products	708	288	-420	41
Total	20,067	18,258	-1,809	91

Source: National Forestry Programme/National Bee-keeping Programme budget for 2005/6

68. The dialogue structure which typically emerges around CBFs, is very different from that of a SWAP. In the former the DPs tends to be dominant whereas under a SWAP the main axis of dialogue should be between the sector ministry and MoF, with DPs and other stakeholders acting as advisers or observers (Daima Associates Ltd. and ODI, 2005).

There is a high degree of variance between the programmes of the NFP and those of the DP funded projects suggesting a distortion of GoT priorities

69. The FBD CBF, which provides funding to the NFP, has been in place since June 2004 and enables collaboration around a joint work plan and budget. Table 20 which summarise figures from the NFP work plan for 2005/6, aligns the budget of the different programmes of the NFP with DP funded projects in the sector. The variance column shows the difference between the two and the degree to which DP funding may distort these GoT priorities. A high degree of mismatch between DP funding and GoT priorities is greatest in the case of participatory forest management (331% more funding than GoT originally budgeted for); land use planning (201% more); and capacity building for planning, monitoring and evaluation (164% more).

4 Detailed analysis of key environmental policy initiatives : selection of three priority themes of acknowledged national importance

70. This section discusses three themes which were not captured by the budget analysis presented in the section above. The selection of these themes was based on dominant issues which emerged in consultation with key respondents but which were not possible to trace in the analysis of the budget data. These themes were also chosen to cover a number of thematic areas and provide a mix of new and established policy priorities. The first theme, that of the recent Urgent Action on Land Degradation and Water Catchments, provides an example of the important role that political influence can play in setting agendas outside of the routine planning system. The second theme examines the experience of the establishment of an Environmental Management Unit in the road sector, providing an example of attempts to mainstream the EMA into a growth sector; and the third theme examines the challenge of financing cross-cutting environmental policy at the local government level in a context of fiscal decentralisation, by looking at the experience of the environmental planning in urban areas.

4.1 National Strategy for Urgent Action on Land degradation and Water Catchments

The Urgent Action represented an unprecedented level of political interest and funding commitment to cross-sectoral environmental issues

71. One of the most significant and high profile releases of government funding for environmental issues took place in 2006 with the launch of the National Strategy for Urgent Action on Land Degradation and Water Catchments (Urgent Action). Following the election in January 2006 the new President established the environment as one of his ten political and economic priorities and in March 2006 a Cabinet Secretariat for the Environment was set up in the President's Office (as just one of five specialist committees). On 1st April 2006 a government statement launching the Urgent Action was issued by the Vice President.

72. The strategy was developed in reaction to the drought of that year and associated problems such as power rationing resulting from low hydro-electric power production (Mugurusi, 2006). The implementation programme identified 12 challenges that needed attention to address land and water catchment degradation. An Interministerial Steering Committee was put in place, chaired by the Vice President, and proposals were sought from the relevant ministries. The total sum of the proposal reached 30 billion Tsh shillings

but in the event 9.4 billion Tsh was allocated. This represented an unprecedented level of funding explicitly for environmental issues. The DoE was mandated to monitor and coordinate the implementation of this strategy (URT, 2007a, URT, 2007b; URT, 2007c, URT, 2007d) and was allocated 2 billion (despite a proposal for over 11 billion Tsh) [73. Table 18].

Table 18 Sectoral allocation of budget for the Urgent Action (Billion Tsh)

Ministry	Allocated	Proposed
Lands	4	3.74
DoE	2	11.05
Water	1	0.05
Infrastructure	1	0.25
Energy	0.5	0.64
Livestock	0.3	10.58
Industry and Trade	0.3	0.15
Local government	0.1	2.71
SD & Gender	0.1	0.18
MNRT	0.1	0.26
Ag	0	0.45
TOTAL	9.4	30.06

Source Figures reported from the DoE

74. The largest amount of money (4 billion Tsh) was allocated to the Ministry of Lands for the demarcation of land and the rest to 9 other sector ministries. The main focus of attention was on sensitive watershed areas such as the Ihefu catchment, the Mtera dam, and the Ruaha and Mbeya regions. Livestock activity, deforestation due to firewood collection and charcoal production were amongst the problems highlighted which resulted in activities such as the relocation of pastoralists and tree-planting. Many of the ministries, including the DoE, reallocated some of this funding to the Ministry of Infrastructure Development (MOID) due to demands for budget reallocation connected to needs arising from the flooding later on in the year. In April 2006, a statement on Urgent Action strategy was presented to the DPG-E by the Minister of State for Environment⁸ but there has not been explicit interest from the DPs in providing support.
75. 15.6 billion Tsh has been allocated for the year 2007/8 with the Ministry of Livestock receiving the largest portion as it was recognised that their role had been under budgeted for in the previous year. Despite the high profile nature of the Urgent Action in current environmental policy, the DoE MTEF for 2007/8 only shows an allocation of 4 million TSH (or 2.6 % of it budget) to the 'monitoring of sectoral ministries on implementation of the Urgent Action'. Other than some tree-planting activities, the MNRT was not heavily involved in the Urgent Action in 2006/7 and their 2007/8 MTEF strategy does not mention the strategy.

⁸ www.ira-eaiaa.org/news_events/view_news_item.php?id=5&intVariationID=1&szTitle=News%20Archive

What does this example show us?

The Urgent Action is an example of the political agenda resulting in budgetary release which lay outside the routine process of priority setting through the consultative process associated with the MTEF

76. Of interest to this study, is the significance of high level political interest both in budget allocation and determination of priorities. It provides an example of the political agenda resulting in budgetary release which lay outside the routine process of priority setting through the consultative processes normally associated with the MTEF. Indeed many of our respondents assigned the recent increase in funding for environmental issues to a rise in political commitment in the environment by the new government. This commitment is evident in the longer term strategy; it is for example, a dominant theme in the 2005 CCM Manifesto (National Executive of the CCM, 2005) which lays out 12 environmental challenges and 22 measures to address them. In some ways it could also be argued that the Urgent Action was mandated by the EMA process, however in other respects this example does suggest an element of reactive planning in response to an immediate crisis.

The speed with which the Urgent Action was introduced and low levels of consultation resulted in poor absorption of funds and unintended impacts

77. The Urgent Action is an example of a cross sectoral approach to environmental management but many of the unintended impacts have resulted from the speed and 'emergency' nature with which it was introduced. This has had a number of implications:

- The activities proposed appear to have been based on rapid analysis of evidence. It has been argued by some that the solutions were short-term and simplistic reactions to a complex problem and that unintended impacts were not considered. One of the unintended consequences which has received attention was the resulting conflicts over land in areas where pastoralists have been relocated to, bringing accusations that problems have merely been shifted to other areas.
- Problems with electricity supplies have raised the profile of environmental problems in the media, and amongst the urban public, support for the Urgent Action was high. However, there was little time for assessment of the proposed solutions nor consultation with relevant NGOs and the private sector.
- Funding was not the only constraint faced by many of these sectors, rather absorption capacity and structures were not in place to enable them to efficiently take up this new mandate presented to them. The capacity of the DoE to coordinate and integrate the activities is limited, and in many of the ministries such problems resulted in delayed spending and the reallocation of some of the funds.

4.2 *The establishment of sectoral environmental units*

The EMA mandates the establishment of sector environmental units (SEU) in every sector ministry but to date only one has been established in the Road Sector of the Ministry of Infrastructure (MOID).

78. The Public Expenditure Review for Environment in 2004 emphasised the problem of inadequate capacity for environmental management in the sector ministries and recommended that financial support should be provided to assist sector ministries to

establish Sector Environmental Units (SEU). In the same year the EMA (2004) mandated the establishment in each ministry of a SEU which would be assigned duties of coordinating implementation of the EMA in that respective ministry. All sectors are currently reported by the DoE to have individuals that act as sector environmental coordinators but in the 2007/8 budget only the MOID shows evidence of budgeting for such a unit, the Safety and Environment Unit (SEU) in its road sector. Estimates for 2007/8 show a recurrent budget for the SEU of 219,732,900 Tshs. There is no evidence of such a unit in the MTEFs of any of the divisions of the MNRT and there are no plans for its establishment (pers. comm., September, 2007).

The MOID SEU was initiated as part of a DP funded project in advance of the EMA requirements but has played an instrumental role as a pilot as well as in engagement on cross-sectoral environmental policy processes in growth sectors.

79. The SEU in the MOID has been supported for at least five years by Danida as one part of a subcomponent programme of 'Support to Environmental Management in the Road Sector' under their 'Road Sector Programme Support'. Danida plans to contribute a total budget of 962 million Tsh for the period 2007-10 of which 559 million Tsh will go to technical assistance and 358 million Tsh to operational costs (MOID, 2007). In addition there is some financial contribution by the GoT.
80. Funding and staffing levels of the SEU are constrained and their activity is limited to training and advice. However, it provides an example of an attempt within a 'growth sector' ministry to develop the tools and mechanisms for environmental safeguards, a process which began even before the introduction of requirements associated with the EMA. As a result, the road sector is well ahead of other sectors in their development of a SEU and related activities. The SEU's activities have included training courses, the development of guidelines for environmental management, a code of best practice and draft regulations for the road sector. The SEU is also an active participant in NEMC's EIA technical advisory committee and is involved in the road sector working group headed by the MOID. The SEU has also played an instrumental role in ensuring that the new Roads Act (2007) is compatible with EMA.

What does the example show us?

81. The isolation of the SEU (as the only SEU established to date) suggests that without the Danida project, the SEU would not be as established. This does raise questions as to the degree to which sectors have taken on their mandate for mainstreaming the EMA into their activities, and the need for increased budgeting to enable sectoral buy-in.

Without DP project support there have been few examples of EMA-related budget submissions from MDAs. A high level 'push' from the MoF is needed to encourage environmental budgeting

82. This example of the SEU highlights the problems associated with the reliance on the sectors ministries for the operationalisation of the EMA. The EMA gives the DoE the mandate for oversight over implementation but this was not accompanied by a vastly increased budget thus the DoE remains a regulatory and advisory body with limited capacity and resources. The implementation of the EMA relies on a multitude of sectors ministries and local government and, in theory, the EMA provides new potential for increased commitments of funding associated with environment for the sector ministries. However, to date there has been few submissions of distinct EMA-related budget requests and the challenge remains how to encourage these. Effective engagement of

ministries in environmental mainstreaming can only be assured when it affects their budgets.

83. Traditional drivers for progress in this area are limited, as the DoE has restricted capacity and power to intervene in sector budgeting processes, and the media or NGO campaigns are not prevalent around these issues. In the context of reducing DP presence, many respondents have emphasised the need for MoF to encourage requirements for specific budget requests to fund environment management and that without such high level pressure, progress is unlikely to occur.

4.3 Environmental management at the local government level: mainstreaming environmental planning into urban development

A key issue remains how to address the implementation gap between the national attention placed on the EMA and MKUKUTA, and the LGAs who are responsible for implementation but are fiscally decentralised

84. The budget analysis discussed in Section 3 does not examine how money is spent at the sub-national level. The initial focus of both the MKUKUTA and the EMA was at the national level; however allocations to sector ministries do not pass directly to the decentralised structures of LGAs. The EMA states that the Minister of State for Environment has overall responsibility for fostering co-ordination between the GoT, LGAs and other bodies engaged in environmental management (URT, 2004a). However, the responsibility for the implementation of the MKUKUTA and the EMA relies heavily on the activities of local government. Neither the DoE nor NEMC possess the capacity to push for decentralised implementation of policies and enforcement of environmental management laws.
85. The shift of attention from the line ministries to local government brings new demands in terms of finance, resources and skills at this level. As Assey et al. (2007) point out this 'implementation gap' still needs to be reflected in budgeting, investment and governance. Some environmental committees have been established at the district level but there remains a problem of capacity.
86. Mainstreaming these policies at the local government level also remains a challenge due to fiscal decentralisation. LGAs depend largely on transfers from central GoT for operational costs (80-90% of total expenditures at LGA level). In 2004/5 a formula-based system of recurrent grants was introduced to finance spending in education, health, roads, water, agriculture, and administration. There is a low level of development spending by LGAs and the development budget has primarily been DP-funded through projects rather than through GoT transfers. Since 2005/06 efforts have been made to mainstream a larger share of DP funding into the LGA transfer system through the Local Government Capital Development Grant (LGCDG) (PMO-RALG, 2007).

There is a disproportionate under-allocation of resources to urban areas despite acute environmental and population pressures

87. Examining attention to environmental issues at the level of the urban municipality is illuminating. In the first place there is a disproportionate allocation of resources to urban areas as only 14.5% of the LGCDG is allocated to urban LGAs where about 23.1% of the total population resides (PMO-RALG, 2007). Tanzania is experiencing a proliferation of unplanned settlements in urban areas with a higher rate of urbanisation at 4.3% in

comparison to a national population growth rate of 2.9%. Approximately 70% of the urban population are in unplanned settlements and it is estimated that 15.4% of the urban population are poor (PMO-RALG, 2007). The higher population densities in urban areas are leading to high environmental management pressures on urban authorities.

The Urban Authorities Support Unit was initiated, and has been significantly boosted, by DP support but has been subsequently mainstreamed into the local government system. The challenge remains how to earmark local government funds for environmental management and to encourage such spending

88. The Prime Minister's Office for Regional Administration and Local Government (PMO-RALG) has the main responsibility for urban local government activities. Coordination of urban development and environmental management falls under the Urban Authorities Support Unit (UASU) which is part of the Environment Sub-section of the Economic and Productive Sectors Section in the Sector Coordination Division of PMO-RALG. Originally the UASU, worked under the auspices of the Sustainable Cities Programme (SCP) providing direct technical support to municipalities in their efforts, guiding them in preparing environmental profiles, conducting municipal consultations and establishing working groups. Several cities and urban centres have adopted the Environmental Planning and Management (EPM) process as a result.
89. The work of the UASU has been predominantly boosted by external support. The SCP has been funded since 1992 by UN-Habitat, UNDP, Danida as well as the GoT. Danida has continued its support but no other external support has been forthcoming. The challenge remains as to whether this impetus from early project assistance can be maintained under declining levels of direct DP support.
90. The LGCDG provides incentives for LGAs to improve their general planning, financial management and transparency. However, LGAs are most likely to focus on 'easy' social sector investments (health, education, roads and water). As a result of this there is increased discussion about how funds for environmental management can be earmarked, how additional incentives or performance measures for environmental management can be included in the LGCDG assessment system (PMO-RALG, 2007).

5 Synthesis of key conclusions

91. The results as discussed in sections 3 and 4 highlight a number of key issues to be addressed. These are discussed in this section around four main themes: the need to link policy to clear and prioritized operational strategies, the need to clarify what is meant by 'environmental activities' and who has the mandate and responsibilities for such activities, the need to ensure budgets reflect the priorities as laid out in environmental policies and the need to address the correct pricing and taxation of environmental externalities. Though all of these can be addressed simultaneously some sequencing of activities is clearly needed in terms of the development of clear priorities before such strategies can be budgeted for.

5.1 On institutions: developing a clear definition and mandate for 'environment'

92. The question of who is in charge of protecting the environment and through what methods it is done is not a straightforward one in the Tanzanian case. At the root of these dilemmas is the divergence of views amongst stakeholders as to whether or not attention to 'environment' should be primarily associated with particular sectors (those concerned with natural resources and their related production activities) or whether it

should be treated as a cross cutting theme associated with all sectors alike. The lack of a common view over the definition of 'environment' has significant implications for a clear definition of mandates, responsibilities and channels through which 'environmental' issues are addressed.

The lack of clarity over whether 'environmental management' refers to the activities of natural resource sectors or is a cross-cutting theme associated with all sectors alike has resulted in poor integration of the issue at the sector level

93. The lack of clear definition of 'environment' is one factor which has resulted in a lack of clear responsibility over, and integration of, the issue into national policy making. The EMA defines the environment as 'the protection, conservation and sustainable use of various elements or components of the environment' and in so doing clearly includes productive activities. The State of the Environment report (DoE-VPO, 2006) also refers to the two different approaches in its categorisation of the functions of environmental management in Tanzania as involving:
- (i) 'Sectoral environmental management' - the management of natural resources or environmental services, such as agriculture, fisheries, mining and waste management;
 - (ii) 'Coordinating and supporting environmental management' - the coordination and integrating of activities into an overall sustainable system.
94. These functions are complementary and both necessary for effective environmental policy, however, amongst stakeholders they appear to be contrasting and in some cases, conflicting attitudes which have not been reconciled. This lies at the core of many of the debates over environmental policy in Tanzania and influences discussions over the degree to which 'environmental' issues should feature explicitly in the high level policy processes such as the MKUKUTA, the PAF and related monitoring systems. There are those that argue that, as planning and budgeting is carried out sectorally, assigning responsibility for 'environmental management' to specific sectors ensures some degree of environmental budget allocation. However, those sectors traditionally associated with environmental resources such as the MNRT do not see the establishment of environmental units or specific tools as a priority, as all natural resource production activities are perceived to be the same as 'environmental management'. Classifying environment as a sectoral issue alone suggests that it should not feature in higher level policy processes such as the PAF which tend to avoid a focus on the sectoral level.
95. On the other hand it is precisely the *outcome*-based (rather than sectorally-based) nature of the MKUKUTA which has allowed the 'environment' to emerge as an important cross-cutting theme with clear indicators. It therefore can be argued that viewing environment as a cross-cutting issue as well as a sectoral issue enables the issue to be more effectively mainstreamed. A 'cross-cutting theme' implies it is an issue that all sectors need to take responsibility over, and that each sector should have a budget line associated with it. The existence of a budget line would strengthen accountability. The cross-cutting theme HIV for example, has its own budget code which enables tracking even at the local government level. The cross-cutting theme approach however, has also been associated with a view of environmental management as increasing the barriers to growth rather than providing functions that assist in revenue generation.

Reporting on environmental indicators is not only limited by weak monitoring systems and poor linkages between available data sources but rather by a lack of clarity over responsibilities and low demand for such information

96. There is a lack of clarity over who has responsibility for monitoring. The Poverty Eradication Division has responsibility for the coordination of the MKUKUTA but it is the responsibilities of the sectors and local government to provide the data. Despite the impressive environmental Indicators in the MKUKUTA they are not accompanied by a clear mechanism for incorporating data into the MKUKUTA monitoring plan. Poverty and environmental baselines and management information systems which are needed to support the implementation of the MKUKUTA and the EMA have to yet been developed. As a result the MKUKUTA Implementation Report (MPEE, 2006) includes very little reporting on the environmental indicators and 'a significant information management burden' has developed (Assey et al, 2007). There is therefore a need, not only for improved monitoring systems to be established and integrated, but also for responsibilities to be clearly identified and agreed.
97. The first Public Environmental Expenditure Review was carried out in 2004. Its objective was to establish the levels, trends and distribution of environmental expenditure; and, to assess the level of expenditure required in relation to the country's environmental priorities and poverty reduction objectives. In addition, it is intended that the output from the PERs (Public Expenditure Reviews) should feed into the MTEF and the budgeting process as a whole. However, the PER process is not a regular or systematic procedure for each sector and therefore does not clearly feed into (or is demanded by) budget planning.

5.2 On policy: linking policies to clear priorities and operational strategies

98. The MKUKUTA has been impressive in its inclusion of poverty-environment linkages and associated indicators, however the EMA (arguably the most significant environmental policy) does not clearly refer to the priorities laid out in the MKUKUTA. Both the EMA and the MKUKUTA processes were coordinated by the VPO. Between 2002 and 2006 the GoT implemented a programme designed to help the VPO play a coordination role over the integration of poverty-environmental linkages into the MKUKUTA. The programme was implemented by the Poverty Eradication Division of the Vice President's Office (VPO) and UNDP (and funded by Danida, DFID, the Poverty-Environment Initiative and the Royal Norwegian government). The non-sectoral role of the VPO was important for addressing multiple concerns and the coordinators and the technical advisor played critical facilitation and back-stopping roles for the MKUKUTA drafting team. This environmental mainstreaming work has resulted in an extensive set of environmental targets and interventions under each of MKUKUTA's outcome clusters (summarised in Annex 4). 15 out of the 108 targets in the MKUKUTA involve direct environmental action and another 5 involve indirect environmental action (Assey et al, 2007). As a result, the MKUKUTA process has enabled a more focused debate on the developmental values of the environment for livelihoods, security, health and growth (Assey et al, 2007). The current phase of the programme has shifted its focus towards financing and institutional aspects, to district level implications and to strengthening links with poverty objectives in the implementation of the EMA.

The MKUKUTA is impressive in its coverage of poverty-environment linkages and associated indicators, however such linkages are not emphasised in the EMA in its focus on environmental protection

99. One of the core questions of this study is whether or not environmental policies succeed in defining priorities which are linked to clear operational strategies. Indeed, the process surrounding the MKUKUTA involved an impressive degree of thinking about poverty-

environment linkages and consultation over the issue (see Assey et al., 2007) but it does not lay out a clear strategy for exactly what needs to be done. The MKUKUTA and the EMA processes were not formally linked and indeed each can be said to emphasise opposite approaches to the poverty-environment debate. The MKUKUTA emphasises the opportunities which environmental management brings for growth and livelihoods, whereas the EMA takes a regulatory approach which focuses on the limitations required. Neither document is adequately concerned with the complexity of the trade-offs between environment and poverty, and improved linkages between the two processes are crucial if the momentum for addressing this challenge (initiated by the MKUKUTA) is to be maintained. There is a danger that precisely because so much thinking has gone on about environmental-poverty linkages in the MKUKUTA process, all environmental priorities are assumed to be poverty sensitive. This means that some trade-offs are beginning to occur between targets. Assey et al (2007) for example, discuss how pressures to increase irrigation may conflict with environmental and hydropower objectives

100. Information is a crucial part of making a case for budget allocation. However, problems of inadequate data and poor monitoring frameworks in Tanzania have been highlighted by many recent studies. The problem of monitoring is particularly acute in the environmental arena due to the complexity of indicators which span a multitude of disciplines and the lack of statistical data, as many of the existing surveys (such as the Household Budget Survey) tend to focus on social and human indicators, the overall problem is not one of the paucity of information. There are a number of existing data sources and collection systems including the Household Budget Survey and the Agricultural Survey as well as sector-specific monitoring systems. Monitoring and reporting processes include annual performance reporting by MDAs and LGAs on outputs from activities and programmes articulated in their strategic plans. These are reported in quarterly, mid-year and annual performance reports, as well as in Sector Reviews, PERs and MDA and LGA audit reports (MPEE, 2006). Rather, the inadequacies and inability to monitor progress are a direct outcome of the lack of clarity over strategy and associated prioritization of activities.

5.3 On budgeting: getting policy into environmental budgets

101. As shown in Section 3 the overall budgeting of environmental issues is not a cause for serious concern. Overall budget execution rates are good and the availability of resources does appear to be increasing for the DoE. The problem rather remains the lack of demand for environmental spending in other ministries. Despite the clear mandate in the both the MKUKUTA and the EMA for attention to environmental issues the MDAs are not explicitly bidding for extra resources for environmental activities from either the MoF or from the DPs.

There is no clear relationship between the sector-based MTEF process and the priorities in the MKUKUTA
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102. The subsequent move of the Poverty Eradication Division (the Division responsible for coordination of the MKUKUTA) from the VPO to the Ministry of Planning, Economy and Empowerment (MPEE) has increased the potential for influence at the sector level through both the MPEE and through its links to MoF. However, budgeting processes and implementation are primarily carried out at the sector level and there is little obvious relationship between the MKUKUTA prioritisation and the process of setting MTEF objectives. The MTEF sets activities around the sector's strategic outcomes based on the budget guidelines, these activities are then assigned to MKUKUTA clusters. As a

result budgets do not necessarily reflect stated MKUKUTA priorities⁹ and it is not possible to assess the distribution of spending across the priorities nor to trace through the link between expenditure and the MKUKUTA priorities. A mechanism is needed where all budgetary and expenditure proposals are scrutinised to assess how far they address government priorities and whether they are the most cost-effective approaches to achieving the desired outcomes.

5.4 On revenues: enforcing the pricing of environmental externalities

103. Environmental taxes remain one of the only ways of pricing environmental externalities thus the under-collection of such taxes is highly problematic. Although the MKUKUTA does not make strong links to the costs and benefits of environmental resource management and there is little reference to issues such as corruption and elite capture of the benefits (Assey et al, 2007), such issues are increasingly of policy concern. Announcement of the Government of Tanzania to increase the domestic revenue collection for 2007/08 budget, as well as findings of the TRAFFIC report (Milledge et al., 2007) on illegal logging and the revenues lost, have led to increased debate on the potential of natural resources revenue to complement taxes and other sources of revenue. The debate has also brought the issue to the attention of those who do not work specifically on natural resources allowing wider dialogue over environmental issues and studies such as those by Milledge et al. (2007), World Bank (2005) and Ruitenbeek and Cartier (2007) have significantly helped to raise the governance profile of environmental issues. Such studies have enabled a debate about the relationship between external funding and domestic revenue collection, whether development funding is distorting incentives, and the degree to which budget support is likely to reduce or stimulate efforts to raise domestic funding (Gerster and Mutakyahwa, 2006:27). There have been recommendations that DPs should pay more attention to this area, perhaps through technical support that could accompany budget support to strengthen revenue agencies and monitor revenue targets (IDD and Associates 2006:107).

6 Implications for the role of development partners

6.1 Incorporating the 'environment' into the Performance Assessment Framework

The Performance Assessment Framework (PAF) is a mechanism for dialogue and signaling rather than a lever for change. Inclusion of revenue-related natural resources indicators will help to increase public awareness of the importance of environmental taxes in protecting the environment but there is less value in specifying the indicators for exact environmental reforms.

104. The Performance Assessment Framework (PAF) is the agreement of performance which underlies the budget support relationship. It has a structure of 3 'pillars: 'underlying processes', 'temporary process actions' and 'outcome indicators'. The latter are drawn from the MKUKUTA but are still undeveloped. There are varying interpretations amongst DPs as the degree to which the PAF can be used as an incentive or a lever for policy change, or merely as a document to enable dialogue. In the case of the latter the challenge remains to keep a focus on government priority reforms. A review of budget support in Tanzania (Daima Associates Ltd. and ODI, 2005) points out that, though the PAF can be an important signaling device, budget support is a mechanism for funding an approved policy strategy and not for enforcing policy change.

⁹ In addition to the coding process, MKUKUTA-related reviews of the MTEF could be carried out to assess and encourage related budgeting

Others have suggested that if there was enough trust in the MKUKUTA monitoring system the PAF system would be not needed (discussed in Gerster and Mutakyahwa, 2006:17). Daima Associates Ltd. and ODI (2005) conclude that budget support and the related dialogue and policy conditions are unlikely ever to be more than a modest influence over the processes of public sector reform and institutional development in Tanzania

105. The proposed inclusion of indicators on natural resources around revenue collection in Cluster 3 of the PAF is one way of giving this issue a higher profile and of increasing awareness of the importance of environmental taxes in protecting the environment as well as increasing transparency around the collection of revenue from the natural resource sector. But there is limited value in specifying the exact reform actions to take places as such conditions are unlikely to have significant leverage. It is likely that a temporary process action will be included which refers to the systems for allocating concessions and licenses as this is the only area on which there is currently baseline data (available from the TRAFFIC report).

The wealth of environmental indicators in the MKUKUTA is not reflected in the PAF. 'Environment' is currently only referred to in Cluster 2 (Quality of Life and Well-being) but the MKUKUTA emphasises the relevance of environment to the growth and governance debates as well.

106. Although environmental sustainability is a voiced area of concern for those DPs involved in budget support, and the EMA provides a means of assessing progress, the wealth of environmental related indicators in the MKUKUTA are not reflected in the PAF. 'Environment' is only addressed in the 2007 PAF under Cluster 2 on 'Quality of life and social well being' and is included as 'Implementation of the EMA' as an 'underlying process' with the 'production of the State of the Environment Report, 2006' as the 'temporary process indicator'. No 'outcome' or impact indicators have been identified. There is however, increasing demand from both the Growth and Governance clusters to also include environment indicators to cover both environmental management and governance in natural resource management reflecting this focus in the MKUKUTA. One suggestion is that the MKUKUTA indicator relating to 'the percentage of EIAs complying with standards' could be used but concerns have been raised that a high *number* of EIAs does not necessarily mean good environmental management and that the indicator should reflect follow-up action to the EIA. In addition, there is a problem of data collection, as to date NEMC has not reported on this indicator
107. Previous reluctance to include explicit reference to the environment in the PAF stemmed from a doubt that the PAF is the right forum for attention to specific or sector based issues. This discussion has been long-running. In the first PAF for PRSC/budget support some DPs wanted to explicitly include environmental issues in the form of environmental capacity building whereas others preferred to view environment as a cross-cutting theme which would be included implicitly within the other indicators. In addition, the number of PAF indicators has been a source of concern (Gerster and Mutakyahwa: 2006:18). However, experience from the MKUKUTA process does show that the 'cross-cutting theme' approach has also been problematic and that there is a need to strengthen sectoral linkages, thus presenting a strong argument for an explicit indicator.

PAF indicators should be designed around information which is easily accessible and available from the MKUKUTA status reports to avoid creating a parallel monitoring system. However, not all required data for the MKUKUTA status report is easily accessible and choosing indicators which are easily measurable and relatively uncontroversial increases the risk of drawing attention away from priority outcomes.

108. One of the prerequisites for successful budget support arrangements is a 'commitment to monitoring and dissemination of results' (Lawson, 2007). A clear issue emerging is the need for the establishment of functioning monitoring and data collection systems with clear reporting responsibilities. An important aim of the PAF however, is not to set up a parallel system for the measurement of its indicators, but rather to ensure that indicators are related to stated priorities. It is advised that issues that are considered critical, but which are not covered in the MKUKUTA, can be considered in exceptional circumstances but suggested indicators should be based on information which is easily accessible through existing and routine data systems (EC, 2007). The primary source from which indicators for the PAF should be monitored is the MKUKUTA status reports. The PERs which monitor GoT spending, are also intended as the key basis for budget support dialogue.
109. The principal question of what information is realistically available is important in the discussion about the choice of PAF indicators. This constraint has led to a domination of action indicators rather than process, or outcome, monitoring. Daima Associates Ltd. and ODI (2005) also suggest that there is too much focus on easily measurable and uncontroversial actions (such as the preparation of plans and the drafting of laws) and not enough attention to implementation and results. This does raise the risk that attention may be drawn away from the most important actions.
110. Before straight outcomes indicators are included in the PAF, attention should be given to monitoring and data collection systems to allow such indicators to be measured. Without an accompanying wider management system in place, determination of narrow indicators could distort the needs of achieving the overall MKUKUTA outcomes.

Reporting to DPs should be an integral part of building domestic accountability processes and more attention should be paid to the provision of information to domestic stakeholders

111. Daima Associates Ltd and ODI (2005) argue that the role that the PAF has increasingly come to play (as a national structure for managing strategic reform processes) is important but in order to encourage the strengthening of domestic accountability more attention should be paid to the provision of information to domestic stakeholders so that synergies between external and domestic accountability processes can be maximized. Improved reporting to DPs should ideally be a positive side-effect from the wider process of building domestic accountability through improved monitoring systems, sector involvement and wider participation from parliament and non-state actors in the PAF process. The PER process is, for example, open to domestic stakeholders and provides a forum for public debate and the sharing of information on government budget and financial activities (Rajani et al., 2006). However, the role of domestic non-state actors in this process has been overestimated and DPs tend to dominate. Reporting to DPs should be an integral part of building domestic accountability processes (Nokkala, 2004; Gerster and Mutakyahwa, 2006).

6.2 *The sector dialogue mechanisms*

The lack of a clear definition of the term 'environment' is limiting the effectiveness of the Environment Working Group.

112. Regular sector and national dialogue takes place around several different processes (including the PER, the MKUKUTA, and the PAF). These dialogues have several different objectives and in some cases unclear inter-linkages and high transaction costs. For example, the MDAs engage in both sector dialogue with DPs as well as in PER Cluster Working Groups (CWGs). In view of these shortcomings there are moves to limit the existing dialogue structure to three levels (DPG, 2007):
- (i) Sectors/thematic areas where MDAs (and active DPs) are direct members.
 - (ii) Three CWGs which correspond to the three MKUKUTA clusters where sectors/thematic areas are represented
 - (iii) The MKUKUTA-PER Working Group where CWGs and the MKUKUTA-PER Macro Group are represented. The change of name from the previous PER Main Working Group to MKUKUTA-PER Main Working Group reflects the broadening of the dialogue to include MKUKUTA and related policy issues
113. An Informal Donor Group for the Environment (IDGE) was established in the early 1990s and was broadened beyond DPs to include a wide range of other stakeholders mostly from civil society. In 2000 it became the Informal Discussion Group on the Environment and in 2003 the group split into Donor Partner Group-Environment (DPG-E) and the IDGE. The DPG-E consists of those DPs that engage in programmes and activities related to environment and natural resources. A forestry sub-group was also established.
114. The current Development Partner Group (DPG) system was formally established in 2004 to build a coordinated DP response to the Tanzania Assistance Strategy [TAS] (and subsequently to the JAST). The DPs have established Working Groups to promote this agenda at the thematic and sectoral level. The government initiated its own Environment Working Group (EWG) chaired by the Division of Environment with participation from key sector ministries, the LGAs, NGOs, CBOs and private sector and DP technical leads.
115. The document on the proposed new dialogue structure for DPGs (DPG, 2007) states that a 'sector or thematic area' constitutes an entity 'on the basis of which policies, strategies and plans are formulated and implemented and dialogue is organised' but that it can also refer to 'a group of institutions (e.g. MDAs) that are stakeholders and engage in dialogue on the thematic entity'. The document also highlights the need for a 'clear classification of sectors and thematic areas' and that the choice of sectors and thematic areas should be based on whether it makes sense to arrange a dialogue structure around such areas. This is a challenge for the EWG. There is a split between the DoE (and DPs supporting the EMA) and those ministries and sectors involved in natural resource management. Within the DPG-E, there is a heavy focus on forestry which has resulted in the group being associated with the natural resource sector rather than with the issue as a cross-cutting theme. Few of the members of the DPG-E consider themselves as working on explicitly on 'environmental' issues. The problem of a lack of a clear definition of the term 'environment' (which itself reflects the clear lack of strategy and leadership within government around this issue) is therefore hindering the objective and impact of the EWG.

116. On the one hand those approaching environmental issues as a cross-cutting theme have not been able to move the intellectual debate away from the barriers to growth that 'environmental management' brings. On the other hand those focusing on the productive sectors have not, until recently, engaged significantly in either the governance or growth debates to emphasise the importance of the natural resource sector in the overall economy. The coverage of environmental issues in the MKUKUTA¹⁰ was more focused on livelihoods and safety net issues. Failing to move beyond these issues has meant it is hard for EWG to enter the debate on poverty in a significant and hard-hitting manner.

The dominance of a project approach and lack of harmonised work-plans amongst members of the DPG-E restricts their impact in policy dialogue in the EWG

117. One of the challenges which the EWG faces is the lack of a common understanding. Before DPs can engage with the government on key issues there is a need to coordinate and find common ground between differing agendas of DP agencies. A large number of the DPs are involved in the arena through project support but those 'budget support' DPs who do not also fund environment-related projects do not attend the EWG. A comparison with the DPG-Gender shows that it is the relatively similar portfolios and commitment to alignment of the members within the DPG-Gender which has allowed them to move towards a harmonised work plan and a more coordinated and strategic division of labour. Discussion in the DPG-Gender is primarily focused around their contribution to the dialogue in the Macro Working Group in order to ensure a composition on the policy issues arising in the Macro Working Group. On the other hand the discussions in the DPG-E are rarely referred to in the EWG (pers. comm. DPG-E member). On the other hand collaboration between DPG-E and Min has worked particularly well over EMA and the State of the Environment report has been a good focus for discussion.

The value of the EWG lies in its information-sharing and coordination role. This coupled with the project level concerns which dominate mean it is not (in its current form) an appropriate forum for high level policy dialogue. Such dialogue could be more easily achieved through the engagement of environmental issues on other sector, or thematic, working groups

118. The EWG is primarily valued as an information sharing opportunity which encourages coordination between the sectors. However, it was noted by some members that the discussion in the EWG is often unfocussed and there is little substantial policy dialogue or political engagement. Those who attend tend to be technicians rather than policy makers, and most sectors do not send senior representatives. The lack of effective dialogue at the EWG raises the question as to whether the EWG (in this current form) is the right place to expect high level dialogue to occur. This may be achievable should the Permanent Secretary from the DoE be available to chair the meetings and require representation from ministries at the director level.

119. As well as an over-expectation on the EWG for high level policy dialogue there are questions over the capacity of the DoE to coordinate such a process. The DoE is a relatively weak ministry which does not have the resources¹¹ to accommodate the transaction costs of improved coordination. In addition, it is also not actively involved in most of the sectors where environmental issues are key, and there is no strong mandate

¹⁰ The environment theme sits under MKUKUTA Cluster 3 (Governance and Accountability) whereas natural resource sectors mostly sit under MKUKUTA Cluster 1 (Growth and Income Poverty Reduction)

¹¹ NB The budget for the EWG is 20.6 mill for the year 2007/8 (MTEF)

for such line ministries to attend. An alternative therefore could be to have environment-related representatives on other sector, or thematic, working groups and to target specific key sectors and the MoF.

120. The Gender Macro Group is currently coordinated by a DP-funded NGO secretariat. Whilst noting that the current structure defeated the concept of aid effectiveness some members felt that the effectiveness of the Gender Macro Group in the past could partly be attribute to this earmarked DP funding which for example, meant the DPG-Gender was able to commission a series of studies which enabled gender issue to be mainstreamed into the MKUKUTA. A question remains as to whether the Ministry of Community Development, Gender and Children will have the capacity to maintain such momentum without DP support.

The shift towards budget support has implications for the levels of environmental expertise within DP agencies and for their ability to engage in dialogue around environmental issues. Accepted data and technical experience is a crucial factor for effective dialogue

121. The level of environmental expertise within DP agencies is a key factor influencing their degree of engagement. The nature of technical expertise and the type of engagement in the sector is set to change with an increase in budget support and this may have implications for the level and type of influence. Many DPs do not have staff with environmental expertise and those DPs who are not involved in funding environmental issues through projects, such as DFID, are not present on the EWG. They do however, interact around the environment-related issues through the PAF and Cluster Working Groups.

122. The need for experience and accepted data on which to base effective dialogue is an important factor. The presentation of tangible and solid evidence by the TRAFFIC report (which was commissioned by Norwegian government but signed off on by the DPG) has facilitated a discussion about natural resource governance in many DP-GoT fora, including discussions around the PAF. The impact of the TRAFFIC report can also be explained by the ownership of the report by the MNRT before publication. Other studies which have been under pressure to publish before such discussion has taken place have been less successful in terms of leading to reform.

With an increasing shift to budget support, the dialogue structure would benefit from a more robust increased evidence base for dialogue. This requires a more systematic and formalised involvement from a wider range of domestic stakeholders such as LGA, CBOs, the private sector and MPs.

123. The most recent Annual Review of Budget Support (Gerster and Mutakyahwa, 2006) recommended that the structure of dialogue should broaden participation to include LGA, CBOs, the private sector and MPs. There is formal civil society participation in the EWG (with IUCN as the coordinating NGO) but participation is limited. CSOs are invited to present to the DPG-E on specific themes but more systematic involvement has not been established. There are questions about whether the role of civil society in such processes should be on an *ad-hoc* or equal basis. The experience of the DPG-G, which includes representation from civil society and academia, is that the retreat from DP involvement in projects has led to an increased need for input from CSO experience.

124. In addition, as pointed out by Daima Associates and ODI (2005), there may be a contradiction between forums which aim for policy discussion and those which aim at policy influence, 'inter-weaving of structures of dialogue with structures of conditionality'.

Discussions for example, over the indicators related to budget support or over CBF disbursements can crowd out objective policy dialogue, and attempting to combine the two in one forum may be unrealistic.

6.3 Strengthening the policy-budgeting process through parallel funding

125. DPs may need to consider the complimentary use of other aid instruments (for example technical assistance or funding to civil society) in order to increase the efficiency of budget support, to encourage civil society dialogue and to achieve environmental gains. In some cases there may be a need for a transition period in the move away from project support where additional attention is needed to planning and budgeting systems. There is however, a need for DPs to be clear on the rationale for choosing the type of aid instruments that they do, to ensure that their activities fulfill requirements under JAST and complements, rather than undermines, their overall aid portfolio. The use of other instruments should therefore be clearly focused on enabling increased access to budgets and the effective use of these funds.
126. Many of the innovations which have pushed reforms in environmental management (eg. environmental mainstreaming into the MKUKUTA, SEU in the Road Sector and the UASU) were initiated through DP funded technical assistance. The earmarked funding of TA (for example through secondments or posts in government ministries) could be usefully engaged to provide related analytical input for example on legal and policy issues to enable a clear discussion and conclusion around the mandates of different institutions or to strengthen the links between strategy and monitoring. However, the use of TA is currently not being requested by the government and is unlikely to be so unless high quality policy dialogue is in place which highlights the need for such input.
127. There is currently little attention to environmental screening within the aid portfolios in Tanzania however, despite the increasing emphasis on national ownership. DPs will continue to have responsibilities (particularly to their own country constituencies) to ensure that environmental due diligence is carried out.
128. Emerging environmental priorities are often less predictable than those in other sectors and there is a role for DPs to encourage the identification and discussion of new and emerging policy priorities (such as the importance of climate proofing, or policy over biofuels investment) and how they may be financed across the across sectors and with the MoF and the MPEE. There are already examples of the way in which NGO advocacy can add significant value to the environmental policy debate in Tanzania not only in terms of innovative advocacy methods, but also in terms of detailed evidence which may not have been otherwise available (the TRAFFIC report being an example of this). To strengthen the level and impact of policy debate in the environmental arena and the basis of its evidence, there is a need to establish more systematic and formalised involvement from a wider range of domestic stakeholders such as LGAs, NGOs, CBOs, the private sector and MPs. Such fora, which could build on the strengths and legitimacy of the EWG, may require earmarked donor funding.

Oversight mechanisms have low capacity and influence over budgeting - high levels of budget reallocation diminishes the role of parliamentary approval and lack of capacity and information availability limits civil society debate.

129. One of the benefits of budget support is the way it is envisaged that the government will fall more fully under the scrutiny of Parliament, other statutory oversight

institutions and civil society as more decisions have to be taken within the framework of a transparent budgetary process. The role and capacity of parliament and the media as effective oversight appears to be increasing in Tanzania. However, Daima Associates Ltd. and ODI (2005) caution against over-emphasising the extent to which expenditure proposals are scrutinised by parliament (as discussed in section 1.3.3). There is, for example, a high level of virement and budget reallocation during budget execution with the results that budget outturn is considerably different from originally approved budget, this diminishes the role of parliamentary debate and approval in guiding spending allocations. It is not enough to merely consult with civil society over the MKUKUTA and PER processes. There is a particular need for deliberate action to increase citizen scrutiny of the budget and actual expenditure¹². The strengthening of such oversight mechanisms would benefit from DP support through financing modalities other than budget support.

Non-state actors in the environment arena are at risk of being distorted by emotive narratives or international agendas, presenting a challenge for capacity building for domestic accountability mechanisms.

130. Environmental issues are often technically complex and grounded in a number of disciplines. This, coupled with the need for a strong evidence base, means that civil society in the environmental arena is one of the hardest capacities to develop. The emotional nature of environment debate increases the risk of issues being dominated by narratives which are not based on evidence or on an understanding of complex cause and effects. Without this understanding other oversight mechanisms such as parliamentary committees and the media can perpetuate myths about environmental change and its causes resulting in negative policy impact.

131. There is a clear role for ear-marked DP funding to promote greater public awareness of environmental issues. However, due to the high level of international interest in environmental issues, civil society actors within the environmental arena have a tendency, more than in other sectors, to be dominated by INGOs and their associated agendas. This can have implications for content of advocacy messages but also for the development of local CSO capacity as the emergence of CSO networks with legitimate constituencies is often less advanced than in other sectors. This raises some interesting questions not only of legitimacy but also of sovereignty. It also presents a challenge for DPs of how to support, to identify and nurture representative networks and how not to distort the civil society landscape.

7 Final conclusions and recommendations

7.1 National Environmental Policy issues

132. Tanzania has an impressive policy and legislative framework for environmental management which could allow effective budgeting around priorities. However, the actual definition of priorities and associated strategies for implementing such policies are less impressive. The integration of environmental priorities into the MKUKUTA (the National Strategy for Growth and Reduction of Poverty) has been one step in securing government commitment for environmental management. However, other policy setting processes such as the Environmental Management Act (EMA), are equally, if not more

¹² An issue worth highlighting is the problem faced by the authors of this report in getting access to the Budget Books which were not easily accessible or available in any public fora. This reveals the barriers that have to be overcome by those actors (state and non-state) wishing to dialogue around budget issues.

influential for the budgeting of sectoral activity. The MKUKUTA is impressive in its coverage of poverty-environment linkages and associated indicators, however such linkages are not emphasised in the EMA. In addition there is no clear relationship between the sector-based Medium-Term Expenditure Framework (MTEF) process and the priorities of the MKUKUTA, thus poverty-environment linkages are not clear at the level of budgeting.

133. Given the strong policy framework and political interest in environmental issues in Tanzania, budget support can offer ministries, departments and agencies (MDAs) prospects for increased funding and an associated freedom to direct resources to their stated priorities. To do so, there is a need to increase awareness of obligations and requirements for all levels of the government to implement the EMA and the opportunities that environmental financing can bring. This will encourage an increase in environment-related negotiations over budget allocation.
134. A key challenge remains as to how to address the gap between the national level policies, and the local government authorities (LGAs) who are responsible for implementation and how to encourage bids for environmental spending budgets at the sectoral and local government level.
135. The contrasting approaches in environmental policy as to whether 'environmental management' refers to the activities of natural resource sectors or is a cross-cutting theme associated with all sectors alike, has resulted in poor integration of the issue and resulted in low levels of explicit budgeting. Precision over the scope of the term 'environment', and a definition which embraces both of these approaches as complementary, would greatly increase the effectiveness of the Environment Working Group (EWG) and assist the clarification of the mandates and institutional structures governing the environment.

7.2 National institutional and funding issues

136. In recent years there has been growing political interest in environmental issues in Tanzania and an associated increase in the allocation of recurrent budget to the Division of Environment. However, the budgets of the Division continue to be heavily influenced by DP-funded projects that dominate the MTEF (although much of the funding is off-budget). As a result relatively small budgets are allocated to the DoE's stated policy priorities. The demand for environmental spending (in terms of regulatory or protective activities) in the other MDAs remains low, and there are few environment-related bids to the MoF. In the Ministry of Natural Resources and Tourism (MNRT) there is little evidence of budgeting for specific environmental issues such as implementation of the Environmental Management Act (EMA) or high priority issues such as increasing the efficiency of revenue collection.
137. Environment-related MDAs should also be encouraged to explore the potential for different forms of financing such as increased engagement with the private sector (and the standard-setting that this requires), the increased use of user fees and the increased efficiency of existing revenue collection systems. The proposed inclusion of indicators on natural resources around revenue collection in the PAF is one way of attributing this issue a higher profile and of increasing awareness of the importance of environmental taxes in protecting the environment.
138. DPs should be clear in their dialogue with MDAs about the need for increased clarity on the part of DPs about the degree and nature of support to the environmental issues in the

future. Discussions around sector-wide processes such as the EMA-SP are one way of doing this. However, whilst MDAs continue to be able to secure additional funds outside of the budget, the incentives for MDAs to invest to strengthen their attention to the government's own resource allocation process, or other forms of revenue generation, will be limited.

139. The study reveals the importance of higher political (and MOF) recognition for the role of 'environment' in the economy and poverty reduction. Maintaining high level political interest in (and associated budgeting for) environmental issues requires increased reporting on environmental indicators. This necessitates the strengthening of monitoring systems, linkages between available data sources, a commitment and an increased clarity over responsibilities. Equally, high level demand from the MoF for the strengthening of such systems is crucial in order to encourage such reforms.

7.3 The role of development partners

140. The increased moves on the part of the DPs to sector-wide coordination does assist the MDAs with consistency of planning but support by DPs on the promotion of debate on policy priorities has been limited to the process around the MKUKUTA. There has been less support at the MTEF and budgeting level. There has also been less attention to other policy-setting priorities such as the EMA, and other sectoral planning and policy processes which are currently more influential for the budgeting of sectoral activity
141. The proposed inclusion of PAF indicators on natural resources around revenue collection is one way of giving the issue a higher profile and increasing transparency around the collection of revenue from the natural resource sector. PAF indicators should be designed around information which is easily accessible and available from the MKUKUTA status reports to avoid creating a parallel monitoring system. However, there are dangers of drawing attention away from the most important outcomes by to avoid choosing only indicators which are easily measurable and relatively uncontroversial. This points to the need for the PAF need to encourage the strengthening of the overall monitoring systems to enable the collection of such data which was deemed by the MKUKUTA to be a priority. Improved reporting to DPs should ideally be a positive side-effect from the process of building domestic accountability: more attention should be paid to the provision of information to domestic stakeholders so that synergies between external and domestic accountability processes can be maximized.
142. In order to support some of these recommendations, DPs may need to consider the complimentary use of other aid instruments (for example technical assistance or funding to civil society) in order to increase the efficiency of budget support, to encourage civil society dialogue and to achieve environmental gains. Many of the innovations which have pushed reforms in environmental management (eg mainstreaming into the MKUKUTA, SEU in the Road Sector and the UASU) were initiated through DP funded technical assistance. The earmarked funding of TA could be usefully engaged to strengthen monitoring systems and to provide related analytical input for example on legal and policy issues to enable a clear discussion and conclusion around the mandates of different institutions. However, there is a need for DPs to be clear on the rationale for choosing the type of aid instruments that they do, to ensure that their activities fulfill requirements under the Joint Assistance Strategy for Tanzania (JAST) and complements, rather than undermines their overall aid portfolio.

143. GEF funding makes up a large proportion of the DoE and NEMC budgets and with its own set of procurement and reporting rules will have implications for alignment to national systems. With the potential increase in global financial instruments related to the environment (for example climate adaptation funding and the UK's Environmental Transformation Fund) new questions are arising around the implications for matching of this funding with alignment principles of the Paris Declaration and the JAST.
144. The EWG in its current form is not necessarily an appropriate forum for high level policy dialogue in its current form. Its role in this respect should not be over-emphasised or relied upon. Increased dialogue may be achievable should the Permanent Secretary from the DoE be available to chair the meetings and representation from ministries at the director level was enabled. However, such dialogue might be more easily achieved through the engagement of environmental issues on other sector or thematic working groups.
145. Emerging environmental priorities are often less predictable than those in other sectors and there is a need for a mechanism for new policy priorities such as the importance of climate proofing (which will impact on the spending patterns of ministries) to be identified, discussed and financed across sectors and with the MoF, the MPEE and with DPs as well as in the EWG. At the same time there is a need to increase the multi-stakeholder nature of policy debate in the environmental arena. A more systematic and formalised involvement from a wider range of domestic stakeholders such as LGAs, CBOs, the private sector and MPs would help to strengthen the existing dialogue structure by increasing the evidence base and effectiveness of oversight mechanisms.
146. DP support to non-state actors needs to be complemented with financing modalities other than budget support, such as specific earmarked funding. There are already examples of the way in which NGO advocacy can add significant value to the environmental policy debate in Tanzania. It is important however to avoid the risk of distorting the national policy process through the use of NSAs to push particular agendas. Avoiding this requires careful attention to the nature of funding to NSAs to ensure it supports legitimate organisations and processes. .

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United Republic of Tanzania (2007) 'Speech introducing to the National Assembly the Estimates of Vice President's Office Revenue and Expenditure' June 2007

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World Bank (2005) 'Study on Growth and Environment Links for Preparation of Country Economic Memorandum (CEM). Part 2: Uncaptured Growth Potential – Forestry, Wildlife and Marine Fisheries.' COWI

Additional documents consulted

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United Republic of Tanzania (1996) '*Community Development Policy*'

United Republic of Tanzania (1997) '*Agriculture and Livestock Policy*'

United Republic of Tanzania (1997) '*Mineral Policy of Tanzania*'

United Republic of Tanzania (1997) '*National Fisheries Sector Policy and Strategy Statement*'

United Republic of Tanzania (1997) '*Road Sector Development Programme*'

United Republic of Tanzania (1998) '*National Forestry Policy*'

United Republic of Tanzania (2001) '*Rural Development Policy*'

United Republic of Tanzania (2001) '*The Agriculture Sector Development Strategy (ASDS)*'

Annex 1 Terms of Reference

Budget Support, Aid Instruments and the Environment – The Country Context

Background

1. The provision of aid through budget support is becoming increasingly important to a number of development agencies, primarily because it can offer significant country ownership of the development process. Budget support has been defined as “financial aid which is provided in support of a government policy and expenditure programme, spent using national (or sub national) financial management, procurement and accountability systems” (DFID).
2. The OECD Joint-Donor Evaluation of General Budget Support suggested that environmental considerations have fared worse than other cross cutting issues such as gender. There are clearly still challenges in integrating environmental priorities into PRSPs, and the report has highlighted that a) even where environmental issues have been raised in a PRSP, there is little or no follow-up by donors during budget discussions and/or b) the financial support provided to tackle the issues is small/non-existent.
3. As a result of the OECD evaluation, DFID, in collaboration with the Poverty Environment Partnership (PEP), recently commissioned a literature review of evidence on links between the environment and budget support and aid instruments. This highlighted the relative paucity of information on what is actually happening in country in relation to budget dialogue and budget support agreements.
4. Additional work is now required, aiming to help donors to better understand and build on country level success factors and constraints in integrating environmental issues into the budget and related donor financial support .
5. The contributors to this work will be the UK Department for International Development, Canadian International Development Agency (CIDA) and United Nations Environment Programme (UNEP). CIDA’s contribution will be used to fund the travel, accommodation and subsistence costs associated with the proposed country case studies (see below).

Purpose

6. The purpose of this study is to analyse and document experience and best practice in transferring environmental priorities from national plans to budgets, and through into government implementation plans. In addition, the study will identify how donors can facilitate and support such processes within the context of increasing budget support, and the use of other aid instruments.
7. The primary audience will be government officials in partner countries and their environment/natural resources counterparts in donor agencies. The secondary audience will be non-environment specialists.

Scope

8. This study will focus on up to 5 countries – inclusive of Ghana, Tanzania, Mozambique and Mali.
9. The key tasks for the consultants will be to identify and document:

- the plan (national or sectoral) to budget processes in-country, outlining the relative roles of different actors. In particular they should focus on taking environment considerations from PRSP and other plans to budgets and in particular how this fares in budget support dialogue and agreements.
- the role of other aid instruments in supporting the eventual integration of environmental considerations into budget support agreements
- analyse the lessons learnt from across the case study countries to draw out key principles and best practice to help guide donor engagement in-country.

10. In undertaking the work, the consultants should:

- Use a similar approach/framework to that used for the OECD Joint Evaluation of Budget Support. This will need adapting for simplicity but the consultants should focus on monitoring the impact of the engagement in budgetary processes on policy, institutions, budgets and spending actions.
- Seek to capture in a systematic way, the relative roles of government, donors and other stakeholders in the budget process i.e from PRSP or equivalent through to budget allocation and implementation and donor support to that process. The consultants should pay particular attention to:
 - The definition and role of sector working groups, paying attention to whether/how these groups work together, how non-environment/NR sector working groups (SWGs) incorporate the environment (eg. health) and whether there are any points of best practice which may be useful for TORs for SWGs.
 - The role of ministries of environment/finance/planning as well as other line ministries with roles in natural resources management (eg. agriculture, water, energy).
 - The intra-governmental dynamics relating to environment/natural resources, including relations between ministries, national vs local government and power distribution.
 - How environment has featured as a dialogue issue related to budget support even where it isn't reflected in the PAF
 - Division of labour between donors
- In relation to the role of donors, while the primary focus should be on budget support, the consultant(s) should also focus on how other aid instruments could support the integration of the environment into budget support or build overall environmental capacity and political commitment. For example, the consultant(s) should consider the usefulness of providing technical assistance, such as supporting economic analysis of natural resources as in Uganda in 2003 (see Annex). It will be relevant and useful to look at the experience of integration of environment both into environmental/natural resource sectors such as agriculture, forestry and energy and non-environmental sectors such as education, health, private sector development, and infrastructure development.
- The study should not only look at the PAF but also other levels of the budgetary process to see where the inclusion of environmental and natural resource issues have led to positive budgetary outcomes. A recent study on gender (by DFID Malawi) indicated that where there are no gender-related targets or gender-disaggregated targets in the PAF, this constrains the donors' ability to raise gender issues with the government – does this hold true for the environment? Are there alternative approaches – such as developing indirect environmental indicators that support what are perceived as key indicators in the PAF (eg. linked to health, growth etc.)?

- Finally, the study should also look at other cross-cutting issues such as gender and human rights and capture any lessons to be learnt from the approach to addressing them.

Outputs and Deliverables

11. The main deliverable will be a synthesis report outlining key lessons learnt from the case studies. This will be supported by the individual, more detailed country study reports.
12. The reports should be written in English, with a French language version also produced for the study for Mali.
13. The main report should include information and best practice examples on the following:
 - main challenges experienced in translating environmental priorities and plans into budgetary allocation, and implementation
 - role of sector working groups with analysis of possible “best practice” approaches
 - the relative importance of obtaining PAF indicators/triggers in achieving environmental outcomes and options for alternatives (such as indirect PAF indicators)
 - the options for division of labour between donor agencies
 - the approaches being used to strengthen core government capacities in environmental management (EIA/SEA and natural resource management) at all appropriate levels (national, provincial, district)
 - the use of other aid instruments to support environmental objectives and the eventual integration (if appropriate) into budget support – which ones are the most useful and the most efficient?
14. The case study reports should include as a minimum, the detailed information which responds to the points outlined in the paragraph above. Each case study should also include a section outlining the environmental context of that country.
15. The consultants should provide a list of all those people interviewed and a detailed bibliography.
16. The results of this study will contribute not only to policy development in DFID, but also in a range of bilateral and multilateral donors including CIDA, SIDA, Irish Aid, DGIS, UNEP, UNDP and others.

Constraints and Methodology

17. The consultancy should build on and not repeat existing work, in particular the OECD Joint evaluation, the recent ODI study on Budget Support and the IDS study on integrating the environment into PRSPs. It should draw on the material already produced and use this to help inform the more detailed analysis in-country. A list of indicative sources and references is included as an annex. The consultants should also be aware of:
 - Ghana there is a brief summary of the process in the ODI report. The World Bank are including Ghana in a study of PRSP implementation and ODI has recently completed a joint evaluation of Multi Donor Support to Ghana.

- Tanzania – DFID has recently funded a more detailed analysis of the role of Government and other stakeholders in efforts to integrate the environment into the PRSP.
 - Mozambique – DFID funded research into Gender and Aid Instruments which included interviews with DFID staff and others on the budget support process.
 - UNDP/UNEP Poverty Environment Initiative (PEI) – have undertaken activities in a range of countries, including Tanzania, Mozambique, Rwanda, Uganda and Mali, on supporting the integration of environment into PRSPs etc.
18. The consultancy will require detailed discussions with in-country staff, including donor agency officials (primarily but not solely environmental staff), partner government staff and representatives from non-state actors. The donors contributing to this study (DFID, CIDA, UNEP in particular) will help establish contacts with donor agency staff in-country.
19. The consultants should use local consultants in their work, in particular those who have already been involved in related pieces of work..
20. The consultants will need to include the following milestones:
- inception/start-up meeting with a select group of donors to clarify and agree the approach. This may be undertaken by teleconference.
 - provision of an interim report mid-way through the study capturing key information in country studies to date, identifying any emerging key messages and outlining next steps for the rest of the work
 - time to amend the report and possibly undertake further work in response to comments and questions from donors
 - preparation and presentation of a final report to donors [and other parties]. The synthesis report should be prepared in electronic and hard copy, with a view to possible publication. At least 5 hard copies should be provided of the synthesis report. The case studies can be submitted in electronic form only.
 - presentation of findings at a multi-donor workshop. This will be discussed during the course of the study.

Competencies Required

21. The consultant(s) should show evidence of the following range of skills and experience:
- understanding the findings of the Joint Evaluation of Budget Support and its implications for cross-cutting issues
 - proven understanding and direct experience of the developing country context in relation to environmental management and planning
 - understanding of the broader issues surrounding aid delivery to developing countries
 - proven work with local consultants and government officials in partner countries
 - ability to prepare high quality work to budget and on-time

Reporting and Timing

22. The study is expected to take no longer than 100 days spread over a course of 5 months. It is planned to begin in June 2007 running through to October 2007.

Contacts

23. The contract will be managed by DFID. The contact point in DFID will be Angus Mackay (a-mackay@dfid.gov.uk) on technical matters and Caroline Bash (c-bash@dfid.gov.uk) on contractual issues.

Annex

Indicative List of Source Materials

Existing Country Studies

24. A number of country studies have been undertaken which look at different stages in the national development plan/PRSP to budget process. However, there is little information bringing the various elements of these studies together (for example, drawing out lessons from the work with Ministries of Finance on natural resources and growth and working with civil society to improve participation in the planning processes). These studies include:

- Joint Evaluation of Budget Support undertook some analysis of the environment as one of the cross-cutting issues it looked at in the evaluation. The countries included Mozambique, Uganda, Vietnam, Nicaragua, Rwanda, Malawi and Bukina Faso.
- IDS undertook a study for the Poverty Environment Partnership (PEP) of the challenges in integrating environment into PRSPs. The countries studied were Vietnam, Uganda, Honduras and Ghana.
- In Ghana, the World Bank and DFID undertook a study looking at the contribution of natural resources to the economy. This process and its resulting influence on the Ministry of Finance has been partially documented by a World Bank consultant.
- In Uganda, DFID funded some work in 2003 also looking at the contribution of natural resources to the economy as part of an input to the PRSP development.
- DFID is currently funding a review and documentation of the Tanzanian Government's involvement in the development of MAKUTA (Tanzania's PRSP).
- ODI have recently completed a joint evaluation of multi-donor Budget Support to Ghana for the Government of Ghana and MDDBS partners.

25. The consultants should not be constrained by this list and will be expected to draw on a broader range of documentation. Reports include:

- ODI (2006) *“Addressing Environmental Objectives in the Context of Budget Support”*
- IDS (2005) *“Environment, Politics, and Poverty – lessons from a review of PRSP Stakeholder Perspectives”*
- Joint Donor Evaluation BS – *Country Synthesis and Inception report*
- World Bank; *various papers by Bojo and Reddy 2002 and 2003 Poverty Reduction Strategies and the Environment - reviews.*
- World Bank (2004) *Environment in Poverty Reduction Strategies and Poverty Reduction Support Credits, November 2004.*

Annex 2 List of persons met

Abdulrahman Issa	Country Director, IUCN Tanzania
Andreas Bohringer	GTZ
Anna Mwashu	Director for Poverty eradication, Head of Poverty Monitoring Division MPEE
Blandina Cheche	Vice President's Office DOE
Brian Cooksey	REPOA
Christian Peter	Forestry Adviser, World Bank
Constantine Shayo	Research officer, DoE
David Howlett	DFID
Emmanuel Mungunasi	World Bank
Eric Mugurusi	Director Division of Environment, Vice President's Office
George Jambiya	Policy Officer, WWF Tanzania
Gertrude Lyatuu	UNDP
Ivar Jorgensen	Environment Advisor, Norwegian Embassy
Lars Mikkel Johannessen	Environment Advisor, Danida
Margot Neilsen	Danida advisor to SEU, Road Sector, MOID
Marko Nokkala	Finnish Embassy
Mary Ahunga	UNDP
Mary Assey	Head of Environmental Unit. Roads Sector, MOID
Monica Mwamunyange	Acting budget commissioner, Ministry of Finance
Mr. Shengena	Division of Environment Vice President's Office
Paul Whittingham	DFID
Paulo Zacchia	Economist, World Bank
Rawson Yonazi	Cabinet Under Secretary Environment, President's Office
Razi Latif	Environment Advisor, EU
Richard Misingi	UASU, PMO-RALG
Roy Trivedy	DFID
Thadeus Kilenga	Director Of Policy And Planning, Ministry of Natural Resources and Tourism
Tom Blomley	Forestry and Beekeeping Division
Tony Brennan	UK Foreign and Commonwealth Office
Troud Augdal	Budget Support advisor Norwegian Embassy
Victoria Mushi	CIDA

Annex 3 Priority budgeting as highlighted in the DoE MTEF Targets (Billion Tsh)

	% DoE/NEMC budget	
DoE		% DoE
EMA implementation : regulations on environmental quality & SEA; State of the Environmental report, National Waste Strategy, establishment of NEAC, Environmental Trust Funds;	2.9	4.46
Adherence to international convention & agreements	7.1	11.2
Welfare of staff, recruitment & training	5.1	8
Sector policy, plans & programme development : eg sectors & LGA guidelines; SEA & EIA guidelines	1.4	2.1
VPO website & Africa Environmental Information Networks	0.2	0.4
EMA-SP - recruitment and training on regulations	10.2	16.1
Conservation of degraded land & water catchment : Monitoring the Urgent Action, awareness & guidelines for district EMPs	6.0	9.4
Pollution control, occupational health & safety standards	0.6	0.9
Marine, lakes, dams & rivers environment conservation strategy	1.8	2.8
Project: Lake Tanganyika Management Project	28.1	44.4
NEMC		% NEMC
Three regional & district outreach centres	1.3	3.5
Legal services for EMA & enforcement strategy	0.3	0.9
Compliance mechanisms	2.8	7.5
Guidelines for management of mountains & river banks	0.7	2.0
Research coordination & monitoring of trends (eg district environmental profiles)	1.6	4.4
Environmental Impact Assessment mechanisms	1.6	4.3
Awareness, information and EMA capacity	2.3	6.2
Staff capacity building & working conditions	6.4	17.4
Project: Tanzania Coastal Management Programme	2.8	7.6
Project: EMA-SP	5.2	14.3
Project: Capacity Building on implementation of EMA	2.0	5.5
Project: Establish node in Mbeya & mainstreaming of LKEMP	3.5	9.4
Project: Rehabilitation of Cleaner Production Centre	0.5	1.4
Project: Disposal of 1200 tons of obsolete chemicals	5.7	15.5

Annex 4 Summary of specific environmentally related targets in MKUKUTA

Goals	Targets
CLUSTER 1: GROWTH AND REDUCTION OF INCOME POVERTY	
2. Promoting sustainable & broad-based growth.	<ul style="list-style-type: none"> • Proportion of enterprises undertaking EIA complying to NEMC standards (annual indicator)
4 & 5 Reducing income poverty of both men & women in rural areas	<ul style="list-style-type: none"> • % of households whose main income is derived from the harvesting, processing & marketing of natural resources (process indicator)
Goal 6: Provision of reliable & affordable energy to consumers	<ul style="list-style-type: none"> • % of households in rural & urban areas using alternative sources of energy to wood fuel as their main source of energy for cooking (process indicator)
CLUSTER 2: IMPROVEMENT OF QUALITY OF LIFE AND SOCIAL WELL BEING	
3. Increased access to clean, affordable & safe water, sanitation, decent shelter & a safe & sustainable environment.	<ul style="list-style-type: none"> • Proportion of population with access to pipes or protected water as their main drinking water • % households with basic sanitation facilities • % schools having adequate sanitation facilities • No. of cholera cases
CLUSTER 3: GOVERNANCE AND ACCOUNTABILITY	
Goals	Targets
Goal 2: Equitable allocation of public resources with corruption effectively addressed	<ul style="list-style-type: none"> • Total value of revenue received from concessions & licences for forestry, fishing, & wildlife as a % of their estimated economic value.

Annex 5 International/ Regional environmental treaties to which Tanzania is signatory

The GoT is signatory and has acceded to a number of International/ Regional environmental treaties including

- Bamako Convention on Ban of the Import into Africa and the Control of Transboundary Movements of Hazardous Wastes within Africa, ratified on 7 April 1993.
- Basely Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal acceded on 7 April, 1993, and,
- Convention for the Protection, Management and Development of the Marine and Coastal Environment of the Eastern African Region and Related Protocols ratified on 1 March, 1996;
- Convention on Biological Diversity ratified on 8 March, 1996;
- Convention to combat Desertification, particular Africa, Paris, 1994.
- Rotterdam Convention of Prior Informed Consent Chemicals, 1998
- Stockholm Convention on Persistent Organic Pollutants, 2001
- The African convention on the conservation on nature and Natural Resources, Algiers.
- The Basel convention on the control of Transboundary Movements of Hazardous Wastes and their Disposal, 1989.
- The Cartagena Protocol
- The convention concerning the Protection of World Cultural and Natural Heritage, Paris, 1972.
- The convention on International Trade and Endangered species of Wild Fauna and Flora (CITES), Washington, 1973.
- The convention on the African Migratory Locust, Kano, 1962
- The convention on the Prevention of Marine Pollution by Dumping of Wastes and other matters, London, 1972.
- The convention on the Prevention of Marine Pollution from ships (MARPOL) 1973.
- The convention on Wetlands of International Importance Especially as Waterfowl Habitat (the Ramsar Convention), 1971
- The convention relative to the Preservation of Fauna and Flora in their Natural state, London, 1993
- The Kyoto Protocol
- The Montreal Protocol on substances that deplete the Ozone layer, Montreal, 1987.
- The United Nations Convention on Law of the Sea, Montego Bay, 1982.
- The United Nations Framework convention on climate change, 1992.
- The Vienna Convention on the Protection of Ozone Layer and Montreal Protocol on Substances that Deplete the Ozone Layer acceded on 7 April, 1993 and 16 April, 1993 respectively;
- United Nations Convention to Combat Desertification ratified April, 1997;
- United Nations Framework Convention on Climate Change ratified in April, 1996;