



Climate Finance Readiness Tanzania



Climate Finance Readiness

FACT SHEET 5.

TANZANIA

Climate change policies and strategies are clearly defined in Tanzania, paving the way for clear implementation, as well as financing plans; the establishment of a national climate fund would provide an effective solution.

The economy of Tanzania is largely dependent on the climate sensitive sectors of agriculture, water and forestry, which employ a significant percentage of the population. These sectors are also a major contributor to national GDP. Negative climate impacts on these sectors are projected to impede the country's hard-earned development and slow the pace of attaining national goals. In the last forty years, Tanzania has experienced severe droughts and flooding which has had implications for the water, agriculture and energy sectors.

UNDP CFR PILLAR	CLIMATE FINANCE READINESS COUNTRY ASSESSMENT
Financial Planning	<ul style="list-style-type: none"> Tanzania has established a National Climate Change Strategy (NCCS) and Environment Management Act (2004). There is, however, a need to establish a national climate change policy to mainstream climate change into development and sectoral planning. The National Climate Change Steering Committee (NCCSC) has been established to support inter-ministerial coordination; however, limitations resulting from limited financial resources and its legal status has hindered its ability to effectively coordinate other ministries. More critically, the Ministry of Finance (MOF) and the National Planning Commission (NPC) are not sufficiently involved in climate change activities. The NCCS identified various sources of funding to finance the implementation of climate change action; however, individual activities have not been costed. As such, the NPC and MOF are yet to outline a detailed resource mobilisation plan. One of the shortcomings of the NCCS is that it does not sufficiently guide implementation at the local level.
Accessing Finance	<ul style="list-style-type: none"> Tanzania does not have an accredited National Implementing Entity (NIE). The National Environmental Management Council (NEMC) is in the process of applying for accreditation. The NCCS has identified the need for a National Climate Change Fund; however, it is still under development. Tanzania has had a good track record in accessing bilateral and multilateral funds; however, there is scope for improved access, particularly as it pertains to building capacity in proposal development.
Delivering Finance	<ul style="list-style-type: none"> Participation of national development banks and other national financial institutions in accessing climate finance is limited and needs to be strengthened. There are incentives in place for private sector investment in the energy sector, including the Public-Private Partnership Act and Feed-in Tariffs
Monitor, Report & Verify (MRV)	<ul style="list-style-type: none"> Access to guidelines for measuring and reporting on the impacts of climate change interventions are limited, particularly at the local level. Tracking of climate change activities presents a challenge, as there is no guiding regulatory framework. However, a system has been proposed that will allow for coding of climate-related activities.



Conclusions and Recommendations

Tanzania has made significant progress in defining the country's policies and strategies to deal with climate change. However, the implementation of these plans and, more importantly, how the plans will be financed, is less clear. The country's climate finance readiness (CFR) can be improved by supporting the establishment of a national climate fund to exploit global funding opportunities. This will prevent competition between national institutions for international finance resources and support a shared effort to accessing funds that is aligned with national development priorities. In addition, the following key recommendations apply:

- Integrate climate change into the national planning process. This can be promoted by ensuring that the National Planning Commission (NPC) contributes actively to planning climate change interventions and by the establishment of a national climate change policy.
- Complete the process for the NIE accreditation so to provide opportunity to tap into funds that employ direct access modalities.
- Strengthen knowledge and awareness of the role and contribution of the private sector in accessing and delivering climate finance.
- Establish information exchange platforms to facilitate a collaborative and transparent approach to accessing funds. Presence of climate change desks in ministries, departments and agencies might help to identify and develop potential projects to access funds from multilateral and bilateral funds.
- Strengthen coordination between donors and key lead ministries managing climate change issues in order to avoid duplication of efforts and unnecessary wastage of resources.
- Review the governance structure and operation of the NCCSC.

This supplementary report forms part of research undertaken for UNDP's Regional Bureau of Africa Regional Environment Project on the Management of Environmental Service and Financing for Sustainable Development. The study and project provided support targeted at building the capacity of regional economic communities (RECs), governments, UNDP country offices and other stakeholders on sustainable ways to restore and manage natural ecosystems, while establishing enabling conditions for countries to access environmental finance from emerging carbon/environmental finance markets and mechanisms at the same time. This study was conducted between October 2013 and November 2014. The fieldwork behind the study was concluded in July 2014, and thus every attempt has been made to ensure the data referenced is factual up until this date.