

**European Community's Poverty Reduction
Effectiveness Programme (EC-PREP) research project:
Streamlining poverty-environment linkages in the European
Community's development assistance**

EP/R05/15

**National-level assessment of
EC Country Strategy Papers:
Tanzania follow-up CSP (2002-2007) review
and institutional evaluation¹**

In partial completion of activities 5 – 10²

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1. Background

This national-level assessment of the Tanzania Country Strategy Paper (CSP) is one of several activities being conducted under an initiative on “streamlining poverty-environment linkages in the European Community’s development assistance” - an initiative aimed to provide to the European Commission and its development partners recommendations to improve poverty-environment integration in EC development assistance. This assessment builds upon results of a recently conducted multilevel evaluation in Tanzania that identified from a local perspective poverty-environment dynamics and the meso to macro level policy and institutional factors shaping these dynamics (Ngaga et al., forthcoming). The recent multilevel analysis highlighted numerous environment-poverty concerns associated with the transport and fisheries sectors in Tanzania - two sectors heavily financed by the EC. This national assessment was conducted:

- 1) to further evaluate environment-poverty concerns in these and other growth sectors (that are linked to CSP investment);
- 2) to assess if current CSP investment is addressing the identified environment-poverty concerns; and
- 3) to evaluate EC- and national-level processes that are currently being used to mainstream environment-poverty issues.

These above evaluations were in turn used to identify long-term institutional and policy recommendations to help improve environment-poverty streamlining in EC development cooperation.

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² Activities 5 – 10 in the EC-PREP include follow-up CSP review and institutional evaluation activities for both the Tanzania and Rwanda case studies. This report discusses results for only the Tanzania case study.

In addition to this report, this WWF EC-PREP-funded initiative relies on an additional case study of the Rwanda CSP (that similarly entails multilevel and national-level assessments) as well as a Brussels level institutional evaluation that focuses on identifying entry points to improve environment-poverty integration in future CSP design. Awareness building material will be developed on recommendations drawn from the multilevel, national, and Brussels-level evaluations towards enhancing the impact of EC's development assistance on poverty through increased attention to the role that the environment plays to people living in poverty.

2. Overview of paper and methodology

This national-level assessment of the Tanzania CSP relies on two key evaluations:

- a “follow-up CSP review” (section 3) that assesses both:
 - environment-poverty concerns in key growth sectors and
 - if current CSP investment is addressing these concerns and
- an “institutional evaluation” that evaluates current processes used to mainstream environment-poverty concerns at EC- and national-level (section 4).

Lessons learned and best practices are drawn from the above evaluations to identify long term institutional and policy opportunities/recommendations to improve poverty-environment streamlining in EC development strategies (“Recommendations” – section 5).

The study's assessment relies on numerous interviews and an extensive review of documents. Interviews were conducted between March 14 and March 25 (2005) at various institutions including national agencies (e.g., Fisheries Division, TANROADS, Poverty Eradication Division, and Environment Division), NGOs (WWF-Tanzania, World Vision, and LEAT), the EC country delegation, and other donors (World Bank) (see Appendix 1 for a list of individuals contacted). National respondents were asked primarily on environment-poverty concerns highlighted in the multilevel evaluation (namely concerns associated with transport and fisheries as well as in other growth sectors) and on current national-level processes used to integrate environment-poverty issues. EC respondents were in particular asked about processes used and opportunities to improve mainstreaming of environment-poverty concerns in the CSP process (see Appendix 2 for copies of the questionnaires sent to respectively national- and EC-level respondents). The questionnaires were not used as a blue print but were rather referred to facilitate discussion. As mentioned previously this evaluation fundamentally builds on a recently conducted multilevel evaluation that identified - using a bottom-up analysis - environment-poverty issues from a local perspective and the meso to macro level policy and institutional factors that are shaping these (Ngaga et al. forthcoming)³. The paper furthermore draws on (and contains extracts from) a pre-CSP assessment conducted for Tanzania (Snel, 2004).

3. Follow-up CSP review

Based on results of the multilevel evaluation, a follow-up review was conducted on the Tanzania CSP to:

- 1) further evaluate – at the national-level – environment-poverty concerns associated with the transport, fisheries, and other growth sectors (linked to CSP investment) (section 3.2) and
- 2) assess if current CSP investment is addressing the identified environment-poverty concerns (section 3.3).

³ The multilevel analysis relied on numerous interviews (with individuals and target groups) and an extensive survey of documents.

Since the following review fundamentally relies on environment-poverty concerns identified in the multilevel evaluation these are foremost summarized (section 3.1).

3.1. Summary of environment-poverty concerns identified in the multilevel evaluation

The multilevel evaluation (Ngaga et al. forthcoming) focused on assessing environment-poverty issues for two case studies: a road transport project in the Shinyanga region (the Mwanza/Shinyanga border – Tinde/Isaka – Nzega road in north-west Tanzania) and a fishery sector case study in the Mwanza/Lake Victoria region. These case studies were chosen due to strong linkages with current CSP investment that is financing: transport (40% - 116 million Euro)⁴ and macro support (including promoting macroeconomic reforms/liberalization in growth sectors such as fisheries, 34% - 98.6 million Euro) (see Appendix 3 for an overview of current 9th European Development Fund (EDF) spending of the current Tanzania CSP)⁵. Furthermore, the Mwanza region was selected due to EU financing of various environmental and related projects in the region including: the Lake Victoria Fisheries Research Project (LVFRP) (9.3 million Euro), the Water Supply Programme to regional centers of Mwanza, Iringa, and Mbeya (32 million Euro in EU funds), and water supply and sewerage rehabilitation in Mwanza city (5.5 million Euro) (see also section 3.3.b.).

3.1.a. Environment-poverty concerns in the transport sector/ the road transport case study

While the roads case study highlighted various benefits that improved road transport has brought to local communities – including opening up markets, facilitating trade, enhancing opportunities, diversifying livelihoods, and increasing economic efficiency and incomes⁶ - local respondents interviewed in the multilevel evaluation noted various environment-poverty concerns, including:

- loss of land and property rights disputes (linked with road development and rehabilitation - e.g., due to land conversion into commercial farms along roads and land used for roads, borrow pits, and outlet culverts);
- deforestation (associated with anticipated increase in charcoal trade from improved accessibility);
- noise and air pollution (brought about by the blasting of rocks during road construction/rehabilitation);
- excavated soils (e.g., leading to loss of farmland where fertile soils are covered); and
- HIV/AIDs (associated with increased mobility).

3.1.b. Environment-poverty concerns in the fisheries sector/Fisheries project in the Mwanza region

Although the Mwanza region/Lake Victoria fishery sector has contributed significantly to local, regional, and national-level economic growth, local-level respondents noted that they have not sufficiently benefited from such growth. Various environment-poverty concerns were noted, including:

⁴ Under the 8th EDF substantial support was allocated to among other things pave the Mwanza Sinyanga border-Tinde and the Nzega-Isaka roads. This road is a part of the regional network that connects to international trading routes (Delegation of the European Commission in Tanzania, 2003) (see also Appendix 3 for a summary of EC funds allocated to the transport sector).

⁵ Note that under new allocations after the recently completed Mid Term Review (The United Republic of Tanzania and EU, 2005) allocations (that include transfers from previous EDFs) have been adjusted to: 28% for transport (110-125 million Euro), 40% for macroeconomic support (159 – 186 million Euro), 11% for education (43.5 million Euro), and 21% for good governance (81.35 million Euro) (see also Appendix 3).

⁶ In addition some local respondents noted that they had benefited from borrow pits that had been dug along the road – these have acted as important water reservoirs for livestock and people (water scarcity is common in many parts of Shinyanga). Although contractors typically cover the borrow pits after completion of the roads construction/renovation, a compromise is being sought to help ensure that local people can continue to benefit from the use of the borrow pits.

- increased conflicts over access to fishing waters and resources (e.g., between different user groups such as small scale vs. big fishers).
- declining fish stocks (linked to excessive fishing for fillet such as of Nile Perch⁷);
- contaminated water (associated with poor sanitation at fishing settlement camps),
- deforestation (linked to fuelwood consumption for fishing processing and at settlement camps), and
- food insecurity (although contested, arguments hold that export trade has led to increased prices in/lower supplies of fish, in turn making it more difficult for low income households to afford/have access to fish).

3.2. National-level evaluation of environment-poverty concerns of CSP investment

Based on the above multilevel evaluation, a national-level assessment was conducted to further assess environment-poverty concerns related to the transport and fisheries sectors, as well as in other key growth sectors (e.g., mining and tourism) linked to CSP investment.

3.2.a. Environment-poverty concerns linked to rehabilitation/development of roads

The following evaluation focuses particularly on the rehabilitation/development of the high priority corridors that are being financed by in part the EC (under the current and previous EDFs) (see Appendix 3 for more detail on CSP investment in the transport sector). While in no doubt Tanzania critically relies on developing infrastructure to open up market, facilitate trade, and enhance economic growth, a lack of an environmental management framework is anticipated to result in numerous negative environment/livelihood consequences as indicated below.

Deforestation: The rehabilitation and development of in particular the Central and Lake Circuit corridors is anticipated to lead to further increases in the charcoal trade. Already large supplies of charcoal and fuelwood – such as from the Bukombe and Kahama districts - are transported by road to Dar es Salaam, Mwanza, and other urban areas. Furthermore, charcoal is illegally exported to Rwanda and Burundi from the Shinyanga region (in addition to Saudi via Mombasa and Oman via Zanzibar) (Rugemalira personal communication, 2005; Sawe personal communication, 2005; Mgani personal communication, 2005). It is anticipated that in the absence of a more elaborate control system that improvements of the road networks - in addition to decreased transportation costs - will facilitate the sale and (illegal) export of charcoal and fuelwood supplies.

Spill-over effect on mining, fish, tourism, and other natural resources-based sectors: The development and rehabilitation of the Central and Lake Circuit corridors is anticipated to have spill-over effects on various natural resources-based sectors including in mining, agriculture, fish, and tourism. On mining, the EC notes that “[the Central Corridor] is strategically located to serve the mining areas”. The mining sector has already seen significant growth in Tanzania - growing by 17% in 2003 - and currently accounts for one of the fastest growing economic sectors in Tanzania (United Republic of Tanzania, 2005). While economic growth in Tanzania’s mining and other sectors has been hailed as a significant economic achievement, in the absence of a strong environmental regulatory framework there is significant risk that growth in this sector is oriented towards short term gains at the expense of long term sustainability. Rapid and uncontrolled growth in the mining sector has already been linked to water contamination, health consequences (especially for poor neighbouring communities), and human rights abuses (see also section 3.2.b.).

⁷ Evidence of overexploitation of fish stocks include reduction in catch and age/length at maturity as well as increased proportion of immature fish caught (Bwathondi et al., 2001 – cited in Ngaga et al., 2005)

HIV/AIDS: Junction sleep-over towns such as Isaka and Tinde – that have grown as a consequence of the EC funded road development – have already been documented to show a proliferation of bars, guest houses, and prostitution and are being targeted by task forces working against the spread of HIV/AIDS and Sexually Transmitted Diseases (STDs) (Jambiya, personal communication, 2003).

Road kill and wildlife corridors: Development of the Central and Lake Circuit corridors – that is anticipated to significantly improve accessibility and in turn traffic and vehicle speed – is envisioned to increase road kill especially in sections of the central corridor that have few human settlements and serve as important wildlife habitat (such as the Dodoma-Singida-Tabora road section). The development of the Dodoma-Morongoro road built in the 1980's, for example, affected a wildlife corridor that existed between Selous Game Reserve, Mukumi National Park, and Taragire National Park affecting the migration routes of numerous animals including the oryx, zebra, wilderbeest, and great African Eland (Rugemalira personal communication, 2005).

Socio-economic concerns/Compensation: Development and rehabilitation of roads often entails the relocation of humans and human settlements. Although the current Land Act stipulates that individuals required to move due to road development and works are duly compensated, compensation is often delayed (e.g., due to lack of funds in national treasury) and has in some instances even taken several years (Mwankusye personal communication, 2005). Furthermore, where individuals live within 22.5 meters from either side of roads - identified under a highway ordinance (1967) - no compensation is currently provided: these areas were officially designated as government land in 1967 (Mwankusye personal communication, 2005)⁸.

Human safety/road accidents: The development/rehabilitation of roads inherently puts individuals that reside along/close to the road at greater risk to vehicle-related injuries. While the Tanzanian government is currently emphasizing campaigns to educate drivers to decrease vehicle speed - towards helping reduce traffic related accidents - the government is at the same time opting to reduce the number of speed bumps: in some instances this has entailed rejecting villagers requests to install speed bumps (Mwankusye personal communication, 2005).

3.2.b. Environment-poverty concerns linked to fishing and key growths sectors

Environment-poverty concerns associated with the fishing as well as other key growth sectors (i.e., mining and tourism) were further evaluated in this national-level assessment. These sectors were chosen due to linkages with EC financing in the “macro support” focal area that have (along with government and other donors funds) helped finance the liberalization of - and in turn unprecedented growth in – these sectors⁹. While growth in these sectors has been hailed as a

⁸ This is waived where individuals can prove that they lived in the specified area prior to 1967 - often, however, difficult to prove (Mwankusye personal communication, 2005).

⁹ The bulk of EU funds allocated under “macro support” are used to contribute to budget support through Tanzania’s Poverty Reduction Budget Facility - to which various donors (except for World Bank and IMF) contribute. In line with the Tanzania PRSP (United Republic of Tanzania, 2000) - and more recently Tanzania’s draft National Strategy for Growth and Reduction of Poverty (NSGRP) - budget support funds may be used to support priority sectors identified in the PRSP (e.g., education, health, agriculture, roads, judiciary, and HIV/AIDS prevention) or in the near future clusters in the NSGRP (e.g., economic growth, increased incomes and reduction of poverty, improved quality of life, or good governance). Both the PRSP and draft NSGRP support on-going macroeconomic and structural reforms initiated since the mid 1990s (e.g., liberalization, privatization, and fiscal stabilization policies): as indicated in the Tanzania CSP (2000) “Continued macro-economic reforms are a basic foundation of the PRSP” (p.7), while Tanzania’s Mid Term Review (2005) notes that, “The government continues to pursue macro economic reforms including reforms [to create a] conducive environment for private sector development... Important reforms have taken place in the public sector...through privatization of state owned enterprises and the continuous liberalization of the financial sector”.

significant economic achievement, these have been linked with numerous environment-poverty concerns as described below. Section 4 looks at how EC- and national-level processes - including in the new PRSP/NSGRP that has significantly improved environment-poverty mainstreaming – are seeking to address the environment-poverty concerns.

3.2.b.i. Mining

Continued privatization and liberalization - a key objective of Tanzania's PRSP (United Republic of Tanzania, 2000) and supported by numerous donors including the EC through budget support - has helped make the mining sector one of the most dynamic and fastest growing economic sectors in Tanzania: in 2003 mining grew by 17%, while in 2002 by 15% (United Republic of Tanzania, 2005). The mining sector - particularly large-scale mining - has seen significant growth since the 1990s when macro-economic reforms were initiated. Foreign investment in mining (and its exploration) has dramatically increased: between 1997 - 2000 an estimated \$700 million was, for example, invested in mining exploration, while in 2001 Tanzania was considered to be Africa's third largest gold producer after South Africa and Ghana (Goldman, 2000 and Guardian Reporter, 2001 – cited in Lissu, 2003). Other mineral resources in Tanzania include diamonds, gemstones, coal, limestone, and salt (OECD, 2002).

While economic growth - including in the mining sector - can be a powerful means to reduce poverty, such growth must be sustainably managed and focus on pro-poor initiatives. The growth in the mining sector has, however, come at significant environmental and social cost (National Environmental Research Institute, 2001; Reed, 2001; Lissu, 2003, Lissu personal communication, 2005). The new PRSP/NSGRP similarly underscores these concerns noting that, "Serious poverty concerns have been raised regarding the impacts on environment, tensions over land rights and labour relations in areas where these [mining] activities have risen dramatically." (United Republic of Tanzania, 2005, p. 7).

Environmental costs associated with the mining sector: Studies of the Mererani mine in Arusha, Geita mine in Mwanza, and Uмба mine in Tanga indicate that mining has led to significant water contamination, loss of biodiversity, and deforestation. Miners and local communities have in turn been exposed to mercury, graphite, and kerosene poisoning in water supplies, increased disease incidence, and degradation of agricultural fields (Reed, 2001). The opening of the Geita mine in 2000 - located in the Lake Victoria Basin catchment area and East Africa's biggest gold producer - has been associated with similar environment/livelihood concerns. It is expected that contamination by sodium cyanide at the Geita mine - used to extract gold from ore - will have serious consequences on the Lake Victoria watershed. Such contamination will poison fish and lead to serious health consequences for local fishermen and communities. If toxic elements are found in the fish, fish exports may furthermore be suspended, in turn threatening a key source of income for local fishing communities¹⁰ (Wildnet Africa News Archive, 2000; United Republic of Tanzania, 2004).

Social costs associated with the mining sector: Attractive financial incentives in Tanzania's mining sector (e.g., five year tax holidays, repatriation of profits, low royalty rate at 3 - 5%, and waived import duties) have in particular benefited large and mid sized mining operators at the expense of small poor artisanal miners¹¹. While small-scale artisanal mining became one of the most important and dynamic sectors of the Tanzanian economy from the 1980s to early 1990s -

¹⁰ In 1999 fish exports were already banned by the EU on Nile Perch fillets from Lake Victoria due to water contamination (namely because of poor sanitary conditions at especially fish landing and handling sites). The ban significantly impacted livelihoods by putting fishermen, food vendors, fish traders, and fish processing plants out of business and by reducing significantly money circulation in settlements about Lake Victoria (World Bank, 2004).

¹¹ Artisanal mining has typically been practiced by uneducated poor people living in the remote rural areas (Lissu, 2003).

accounting for an enormous increase in incomes of local communities - subsequent support to large scale mining and foreign corporate investors have driven (often forcibly) artisanal communities from mineral rich areas (and in turn from their livelihoods) (Lissu, 2003; Lissu personal communication, 2005)¹². Although direct foreign investment in the mining sector has been justified on the grounds that employment will be generated that in turn will reduce poverty, the large-scale mines that are capital- and technology-intensive have favoured predominantly skilled urban-based workforce vs. the less educated poor rural labour force (Lissu personal communication, 2005; Sosovele personal communication, 2005; Jambiya personal communication, 2005). Furthermore it has been contended that earnings accrued by the mining sector have insufficiently benefited the national economy and have again strongly favoured private investors: between 1997 to 2002 six key mining companies mining gold, tanzanite, and diamonds earned an estimated US\$895.8 million of which only 13% was funneled back into the national economy (e.g., through government taxes, revenue, community development projects, and training of workers) (Lissu, 2003).

3.2.b.ii. *Tourism*

Privatisation and liberalization has resulted in substantial growth of Tanzania's tourism sector. Tourism has grown an average of 6.7% over the last four years (2001/2002 - 2004/2005), earns annually US\$739 million, and currently accounts for 12% GDP. Tanzania has in turn become the 5th top tourism earner in Africa and continues to see increases in direct foreign investment (United Republic of Tanzania, 2005). While growth in Tanzania's tourism sector has been welcome, such growth has due to a poorly developed environmental regulatory framework been associated with environmental degradation and has insufficiently benefited local communities (Sosovele, personal communication, 2005). The new NSGRP that is currently being drafted similarly states, "...apart from the indirect impact of increased revenue to government, growth in tourism has not led to direct reduction of income poverty." (United Republic of Tanzania, 2005, p. 7).

Environmental costs linked to the tourism sector: In Bagamoyo and Zanzibar, tourist hotel construction (and its expansion) has led to the clearing of large tracts of mangrove areas that in turn has resulted in coastal erosion, water pollution, and negative impacts on fisheries. In addition dumping of untreated effluent by hotels into rivers and the ocean has increased water related illnesses in surrounding communities (Wood et al., 2000). Due to Tanzania's uncertain land ownership and a dual system of land tenure¹³, hotel construction and expansion have furthermore caused small farmers and fishermen to lose access to valuable farming and fishing areas (Reed, 2001).

Social costs associated with tourism: While in theory the National Tourism Policy (1999) recognizes that priority must be given to tourist initiatives that benefit local communities living within and about tourist destinations, in reality only a very small percentage of revenue generated

¹² Although the 1979 Mining Act and 1983 'Small Scale Mining Policy' provide a legal basis for artisanal mining operations, thousands of artisanal miners have in recent years nonetheless been forcibly evicted including "many hundreds of thousands of artisanal miners and other residents" in Bulyanhulu to make way for Canadian corporate investors: such evictions have led to "unprecedented human rights crimes" (Lindu, 2003, p. 14, p. ; Lindu personal communication, 2005).

¹³ The current land tenure regime – i.e., the National Land Policy of 1995 and Land Acts of 1999 – in theory gives priority to local communities but continues to allow all land to be vested under the President. [is this still the case? — e.g., under the amended Land Act, 2004]

in the tourist sector goes back to these communities. For example, although the Ngorongoro Conservation Area earns an estimated US\$10 million in gate fees each year (and while in theory the current policies and legislation stipulate that the Maasai should be the main beneficiaries) the Maasai residing in the area continue to live in considerable poverty (United Republic of Tanzania, 2004; Lissu personal communication, 2005).

3.2.b.iii. Fishing

The fishing sector in Tanzania has grown tremendously although again at a high environmental and social price: fish exports between 1999 and 2004 almost doubled (Boucey personal communication, 2005).

Environmental concerns linked to over-fishing/rapid expansion of fishing settlements: As documented in detail in the multilevel evaluation (Ngaga et al. forthcoming) rapid and poorly regulated growth of the fisheries sector has been associated with numerous environmental concerns including over-fishing, deforestation, and water contamination. Respondents in the national-level assessment voiced similar concerns such as deforestation (linked to timber used for boat and house construction); over exploitation of fish resources (e.g., through use of illegal gear and fishing of juveniles); and water contamination (in the rapidly expanding settlements along the lake) (Jambiya personal communication, 2005; Medard et al. personal communication, 2005).

Socio-economic impacts associated with over-fishing: In the Lake Victoria region conflicts over access to fisheries resources are escalating as fish supplies decline. There have been increasing reports of theft and deliberate destruction of property and boats (to decrease competition/fish extraction) and conflicts over access to fish resources (e.g., local fishermen being intentionally chased away by prominent/commercial fishers) (Jambiya personal communication, 2005; Medard et al. personal communication, 2005). Various socio-economic impacts have also been noted in another well document study, the Rufiji Delta Prawn Farming Project in southern Tanzania. The development of the multimillion dollar prawn farm (in 1997) in the largest mangrove forest in East Africa resulted in the ripple effect of environmental and socio-economic concerns including deforestation, loss of biodiversity, displacement of local communities, water contamination (due to the absence of water treatment facilities), and social tensions (between those who support and didn't support the development of the prawn farm) (WRM, 2001; Wood et al., 2000).

3.3. CSP investment to address the environment-poverty concerns

Given the above noted environment-poverty concerns, how then is CSP investment addressing these concerns. A follow-up CSP review was conducted to assess if: 1) the above-noted environment-poverty issues were identified in the current Tanzania CSP and 2) if current CSP investment is being used to address the environment-poverty issues. This evaluation is structured about three key areas of current CSP investment: transport, macro support, and good governance¹⁴.

3.3.a. Recognition of environment-poverty issues in the CSP

3.3.a.i. Transport

In describing transport issues, the Tanzania CSP notes that “[priority transport corridors will] promote trade and investment by opening up areas of key economic activities and potential such as mineral deposits, tourism, agriculture, providing the required competitiveness through reduction of transport costs.” (United Republic of Tanzania and European Community, 2000, p.

¹⁴ Note that the education focal area – another focal area being supported by the current Tanzania CSP - has not been included in the subsequent evaluation (see Appendix 3).

10). No specific reference in the CSP is however given on possible environment-poverty spill-over effects that such growth in key economic sectors may have – these may range from deforestation to water contamination and HIV/AIDs (see section 3.1.a. and 3.2.a.). It is, however, noted that “Environmental considerations will be consistently addressed throughout the programme” (p. 21) and that based on the National Transport Policy (1998) that a national-level “EIA for all transport projects [will be carried out to]... ensure that construction and maintenance works adhere to environmental protection guidelines” (United Republic of Tanzania and European Community, 2000, p. 49)¹⁵. Gaining access to EIAs was however challenged by poor archiving (Mwankusye personal communication, 2005; Woringer personal communication, 2005). As indicated in section 4, although EIAs are a useful means to evaluate environmental impacts, this paper emphasizes the need to underscore environment-poverty concerns early in CSP/focal area programming.

3.3.a.ii. Macro support

The CSP acknowledges that privatization, liberalization, and macroeconomic reforms - supported by the PRSPs (and in turn CSP investment) – are not yet adequately benefiting people living in poverty: “Progress in reforms and renewed macroeconomic stability have yet to translate into sustainable improvement in the standard of living of the people’ (United Republic of Tanzania and European Community, 2000, p. 6) and “Even if [private sector] growth occurs in mining, tourism and services sectors, the direct impact on poverty reduction may not be significant, as these are capital-intensive” (United Republic of Tanzania and European Community, 2000, p. 12). While the CSP generally notes of possible environmental impacts due to the uncontrolled expansion of tourism, no reference is made to specific environment-poverty concerns in the tourism or other growth sectors (e.g., mining and fishing) that may range from water contamination to over-fishing, deforestation, disease, and conflicts over access to and rights over resources (see section 3.1.b. and 3.2.b.).

3.3.a.ii. Good governance

Although the CSP notes that “Governance, gender and environmental issues have been made integral parts of all areas identified.” (p. 2) and that “sustainable management of the environment and natural resources is a cross cutting issue to be incorporated into all areas of co-operation” (p. 21) there is no specific reference towards addressing specific environment-poverty concerns in the good governance focal area. While in no doubt current initiatives supporting the development of transparent and participatory decision making (e.g., through increasing Non State Actor participation and supporting the anti-corruption strategy) will positively impact all sectors including the environmental and natural resources-based sectors, the good governance focal area can be taken a step further towards addressing environment-poverty concerns by strengthening good *environmental* governance (see also section 5) (see Appendix 3 for a description of initiatives currently being supported under the “good governance” focal area).

3.3.b. CSP investment to address the environment-poverty concerns

The Tanzania CSP was furthermore reviewed to assess if current CSP investment has been linked to the noted environment-poverty issues (as identified in section 3.2). Although in respectively the transport, macro support, and good governance focal areas specific environmental initiatives were not indicated, the current CSP does refer to a number of environmental and related initiatives that are being supported under budget-lines (that fall outside of the current EDF), previous EDFs (e.g., 7th and 8th EDF)¹⁶, and regional initiatives (identified in Regional Strategy

¹⁵ Note that the EC requires that EIAs are developed on projects that may have environmental impacts including those in the transport sector (EC, 2001 – cited in Snel, 2004 report).

¹⁶ Due to backlogs, several initiatives funded under previous EDFs are currently being implemented.

Papers/Regional Indicative Programmes). Various EC funded environmental and related projects that are helping (have helped) address environment-poverty concerns - particularly in the tourism, mining, and fisheries sectors - are noted below. While these initiatives are helping contribute towards pro-poor sustainable development, this paper calls on the need to improve environment-poverty mainstreaming in early stages of future CSP programming towards more sufficiently prioritizing (and financing) environmental and related initiatives (see next section 4).

Lake Victoria Fisheries Research Project (LVFRP) (29.9 million Euro): This regional initiative aims to address issues relating to sustainable fisheries in the Lake Victoria region for Tanzania, Kenya, and Uganda and more specifically has involved assessing fish stocks, ecosystem dynamics, and impact of fisheries management on local communities. Research activities have resulted in the development of baseline data and implementation of the Lake Victoria Fisheries Management Plan that began in 2003 (United Republic of Tanzania and European Union, 2005; Ngaga et al. forthcoming). [look on web for additional information... - see e.g., <http://www.inweh.umu.edu/lvfo/lvfrp.htm>]

Water supply and sewerage rehabilitation in Mwanza city (6.6 million Euro): This initiative - that has been funded under a previous EDF - has involved the rehabilitation of the existing sewerage network in Mwanza city. The project aims to improve the sewerage system to help ensure that wastewater is treated before being discharged into Lake Victoria (United Republic of Tanzania and European Union, 2005).

Water Supply Programme to regional centers of Mwanza, Iringa, and Mbeya (33.6 million Euro in EU funds): This programme - funded under a previous EDF - seeks to rehabilitate water supply in three urban areas/regional centers (i.e., Mwanza, Iriga, and Mbeya).

SADC Fisheries Monitoring Control and Surveillance Project (MCS): This initiative (funded under a previous EDF) focuses on the development and implementation of a surveillance system to monitor fishing in the Economic Exclusivity Zone (EEZ) towards improving surveillance of coastal fisheries resources. More specifically the project includes developing policy, implementing monitoring systems, and establishing air and sea surveillance of the EEZ (United Republic of Tanzania and European Union, 2005).

Support to the Southern Eastern African Mineral Centre (SEAMIC) (1.4 million Euro): This regional initiative (2004 – 2005) supports research and development, training, and data collection in the Southern Eastern African Mineral Centre (SEAMIC). The mission of the independent regional centre - established in 1977 and under the umbrella of the United Nations Economic Commission for Africa (UNECA) - is to promote in eastern and southern Africa environmentally and socio-economically responsible mining.

Support to Tanzania Game Reserves (1.98 million Euro): This initiative is focussed on protecting game reserves by securing biodiversity, promoting rational wildlife resource utilization, and supporting participation. To date this initiative has supported two projects: the Kagera/Kigoma Game Reserve project (619,000 Euro) – that is currently focusing on constructing buildings in numerous game reserves – and the Selous Black Rhinoceros Protection Project (287,000 Euro) – that is supporting rhino conservation and future implementation of the Rhino development strategy (United Republic of Tanzania and European Union, 2005).

Strengthening of the tourism section (80,000Euro): Launched in 2000 and concluded in December 2003, this project provided support for a tourism training programme and policy development in the tourism sector (United Republic of Tanzania and European Union, 2005).

4. Institutional evaluation

While the above review indicates that the EC is financing various environmental and related initiatives in Tanzania - under budget lines and previous (and regional) CSPs - the current Tanzania CSP (and in turn its investment) is shown to insufficiently underscore environment-poverty issues especially associated with key growth areas such as tourism, fishing, and mining. The subsequent review evaluates current institutional processes that are being used to integrate the environmental dimension in the CSP programming towards seeking entry points/opportunities to strengthen environment-poverty integration in future CSP programming (section 4.1). Since the Tanzania CSP (as in other CSPs) heavily rely on national strategies, processes and capacity to mainstream environment-poverty issues in Tanzania's new NSGRP/PRSP have also been evaluated (section 4.2). The following evaluation - as with the previous "follow-up CSP review" - has heavily relied on interviews (conducted with EC- and national-level stakeholders) and an extensive document review (refer back to section 2).

4.1. EC-level processes used to integrate environment-poverty issues

EC-level respondents (mainly at the Tanzania EC Delegation and EU desk at the Ministry of Finance) were asked on how environmental considerations were mainstreamed in the Tanzania CSP process and on opportunities to strengthen environment-poverty integration in future country programming. More specifically respondents were asked:

- how the CSP was developed (and reviewed) in light of environmental integration (section 4.1.a);
- whether existing environmental guidelines/tools (e.g., CEP and SEA) were used in developing the CSP (section 4.1.b.);
- awareness on existing environmental integration procedures (section 4.1.c.); and
- opportunities to strengthen environment-poverty integration in future CSP programming (section 4.1.d.).

4.1.a. CSP process

The CSP - officially referred to as the CSS (Country Support Strategy) - is developed through a dialogue-driven process between the partner countries (e.g., government and civil society), the European Commission (e.g., country delegations and headquarters), and EU member states (Mukome personal communication, 2005; EC, 2000). In developing the Tanzania CSP civil society concerns - including environmental - are primarily voiced through a Non-State Actor workshop (see Step 2 below) (Mukome personal communication, 2005). More specifically the development of the Tanzania CSP entailed the following steps.

Step 1: The National Authorizing Officer (NAO) foremost spearheads the CSP/CSS process by facilitating discussions with line ministries, departments, civil society, etc. to develop a draft CSS. In Tanzania, this initially entailed discussions with numerous ministries including of health, agriculture and food security, water and livestock, natural resources and tourism, and energy and minerals. After lengthy discussion (this stage usually entails about 2-3 months) ministerial priority needs, interest, etc. were identified, focal areas selected (e.g., macro support, education, etc.) and a CSS drafted (Mukome personal communication, 2005; EC, 2000).

Step 2: Civil society/Non State Actors (NSAs) were subsequently asked to provide input on the draft CSS during a two day workshop: the workshop was open to the general public (including to NGOs, journalists, the private sector, and other donors) and was advertised (e.g., in key newspapers). During the NSA workshop presentations were made on the proposed priority focal areas (macro support, transport, etc.) and civil society/NSA input was solicited. The draft CSS

was subsequently edited to reflect input from the NSAs (Mukome personal communication, 2005).

Step 3: The draft CSS (based on national priorities, strategies, etc.) was then presented to the European Commission (country delegation and headquarters – including to the Quality Support Group (QSG)). Their response was articulated in a Response Country Support Strategy and revisions were subsequently made to the CSS based on discussions between the Commission, NAO, and member states (Mukome personal communication, 2005).

Step 4: The revised draft CSS was (re-)submitted to EC headquarters (Brussels) and discussed with the EDF committee for formal approval (Boucey personal communication, 2005). Upon approval, the CSS/CSP was finalized to become the National Indicative Program (NIP)¹⁷ and adopted by the country delegation and NAO¹⁸.

On CSP reviews, it was noted that activities financed through CPSs/NIPs are evaluated periodically through a “rolling programming” of annual, mid-term, and end of the term reviews (Mukome personal communication, 2005; EC 2000). The “rolling programme” reviews are heavily based on performance indicators – that may include environmental indicators - developed in the CSP/NIP¹⁹ (EC, 2000; Mukome personal communication, 2005). A Mid-Term Review – entailing a more extensive strategic/performance review – was recently conducted for the Tanzania CSP (EU desk - Ministry of Finance, 2005). As with the development of the CSP/NIP, the MTR solicited input from NSAs through a 2 day workshop: the workshop was open to the public and involved approximately 200 participants ranging from civil society groups to development partners (Mukome personal communication, 2005). In addition to the above on-going reviews, ad hoc reviews - initiated by the headquarters or requested by beneficiary states - may be conducted. EC environmental audit are, for example, currently being conducted in various countries including in Tanzania (Boucey personal communication, 2005).

4.1.b. Use of environmental tools/guidelines

In theory, environmental considerations are currently mainly integrated in EC country programming – in Tanzania and elsewhere - through the development of a Country Environmental Profile (CEP)²⁰ and Strategic Environmental Assessment (SEA)²¹. As in many other countries, the Tanzania CSP did not include a CEP or request a SEA: a study of 60 CSPs indicated that only six countries included a CEP while only three countries made reference to a SEA (and only one integrated a SEA) (Davalos, 2002). Respondents at the country delegation noted a CEP was not included in part because the environment was not prioritized as a focal area and more generally due to a lack of awareness on the need to submit a CEP (Paris-Ketting et al.

¹⁷ The NIP includes a work programme consisting of a summary/budget of the selected focal areas and a set of tables consisting of an intervention framework matrix on targets, objectives, performance indicators, etc. (EC, 2000).

¹⁸ Note that in practice the CSP and NIP are currently often considered the same document and developed simultaneously (personal communication, Mukome, 2005).

¹⁹ The performance indicators need to cover management of the EC programmes (used for the annual reviews), good governance, macro-economic management, and poverty focused on sustainable development (the latter three are used extensively during midterm and end of term reviews) (EC, 2000). The indicators need to be realistic and attainable: “The indicators must be developed jointly, and accepted by both sides at the outset as being realistic and attainable in the foreseen time-scales.”(EC, 2000, p. 40 – part II).

²⁰ A CEP includes a brief overview of the country (physical, economic, social, etc. conditions); summary of the state of the environment; overview of the environmental policy, legislative, and institutional framework; and recommended priority actions (Davalos, 2002).

²¹ A SEA is an overarching assessment at programming level that integrates environment and development issues, provides information on alternative options, and identifies potential environmental impacts of proposed policies and plans (Davalos, 2002).

personal communication, 2005). A forthcoming report by Snel (2005) similarly underscores ambiguity with regards to the need to develop a CEP: while the development of a CEP is supported by the Commission, their development does not seem to currently be required²².

4.1.c. Awareness on environmental tools/guidelines

Respondents in the institutional evaluation noted that while they were aware of the environmental helpdesk this had not yet been consulted. Furthermore, the environmental integration manual – although recently consulted – was considered to be very useful. It was noted that it would be useful to have trainings in environment-poverty linkages as well as in procedures/guidelines described in the environmental integration manual. The development of useable and user friendly guidelines was underscored (Paris-Ketting et al., 2005).

4.1.d. Opportunities to strengthen environment-poverty integration

Respondents noted that it may be useful to employ an environmental desk officer within the country delegation (as done in other donors – e.g., World Bank) as well as to strengthen TORs regarding environmental commitment of staff. Furthermore, it was noted that donors (including the EC) can play a key role in evaluating environment-poverty integration in national strategies (e.g., PRSPs) upon which CSPs heavily rely (Paris-Ketting et al., 2005) (see also section 4.2).

4.2. National processes and capacity to address environment-poverty issues

Since CSPs heavily rely on national strategies such as PRSPs, evaluating how environment-poverty issues (and concerns) are integrated in national strategies is vital. This is particularly important as donors - including the EC - are increasingly seeking to harmonize donor funds with national frameworks and considering to increase levels to direct budget support²³. The following section evaluates:

- how environment-poverty concerns have been streamlining in the Tanzania PRSP process (programming, financing, and monitoring – section 4.2.a.) and
- institutional capacity to implement the Tanzania PRSP targets (section 4.2.b.).

4.2.a. Environment-poverty mainstreaming in Tanzania's national strategies

4.2.a.i. NSGRP programming

There have been significant recent developments in mainstreaming environment-poverty issues in a new PRSP - National Strategy for Growth and Reduction of Poverty (NSGRP) - that is currently being drafted. While environmental and other cross-cutting issues were minimally integrated in the initial PRSP (2000), programming in the current/new NSGRP (planned for 2005/06 – 2009/10) has deliberately set out to mainstream cross-cutting issues including the environment. The development of the new NSGRP – also referred to by its Kiswahili acronym MKUKUTA - included extensive consultation with numerous stakeholders including from the environmental,

²² The Commission's Communication on "Integrating environment and sustainable development into economic and development co-operation policy: Elements of a comprehensive strategy" (EC, 2000b, p. 16) indicates that CEPs "should serve as an input to the country strategy document", while various other Commission documents - including the staff working papers on environmental integration (EC, 2001b) as well as "The 9th EDF Programming Process" working document (EC, 2000) - indicate that CEPs and SEAs are "important tools" and "should" (vs "must") be developed in EC-funded country strategies²². The new environmental integration manual - currently being drafted - recognizes this limitation by stating that, "... recommendations to integrate the environment ... exceeds the lawful obligation" and that the manual should in turn be considered as a "guide on good practice" (Environmental helpdesk, 2005, p. 7 - quotes from the draft environmental integration manual have been translated from French).

²³ Such as in accordance to the Paris and Rome declarations on donor harmonization.

natural resources, and related sectors (Jambiya personal communication, 2005; Howlett personal communication, 2005; Mugurusi and Howlett, 2005; Likwelile personal communication, 2005)²⁴.

By considering environment-poverty issues early in the programming process, the NSGRP has in turn done a much better job acknowledging the importance of environment-poverty concerns including in the fastest growing sectors of the economy - namely tourism and mining. While the NSGRP continues to support macroeconomic reforms, the new national strategy does acknowledge various environment-poverty concerns in these sectors and is seeking ways to help address these issues. On the development of the mining sector, for example, the NSGRP notes, "Serious poverty concerns have been raised regarding the impacts on environment, tensions over land rights and labor relations in areas where [mining] activities have risen dramatically. The challenge ahead is to ensure that investments benefit the wider economy giving particular attention to disadvantaged regions" (p. 7). In the tourism sector, environment-poverty concerns are similarly voiced, "...apart from the indirect impact of increased revenue to government, growth in tourism has not led to direct reduction of income poverty. Barriers to communities gaining increased benefits from natural resources (e.g., wildlife) need to be removed" (p. 7). Targets indicated in the NSGRP to help address these environment-poverty concerns include "increasing contributions from wildlife, forestry, and fisheries to incomes of rural communities", "reduction in harmful industrial and agricultural effluents", "reduction in land degradation and loss of biodiversity", "reduced negative impacts on environment and people's livelihoods", and "increased proportion of rural population with access to clean and safe water from 53% in 2003 to 80% 2009/10". Fourteen percent of the targets in the NSGRP relate to the environment and natural resources: many of the targets link with MDG goals (Mugurusi and Howlett, 2005; Howlett personal communication, 2005).

4.2.a.ii. Financing

Line ministries are currently being asked to link their sectoral strategic plans and activities to targets - including environmental - indicated in the new MKUKUTA: information that will feed into the Mid Term Expenditure Framework (MTEF) (Assey personal communication, 2005; United Republic of Tanzania, 2005). Furthermore, a Public Expenditure Review (PER) on the environment was recently conducted for Tanzania to evaluate current environmental investment needs in the country (United Republic of Tanzania, 2004b). The report highlighted the need to increase funds to strengthen environmental management at national to local levels noting that "While environmental resources contribute significantly in terms of revenue collections and national income, ... the environmental sectors are financially under resourced." (United Republic of Tanzania, 2004b, p. xii).

4.2.a.iii. Monitoring of the PRSP/PRBS/PRSC

Progress of the PRSP targets are monitored at national-level through a Poverty Monitoring System (PMS). The PMS relies on performance indicators that are identified by sectors and other stakeholders in accordance to the PRSP objectives/targets. Under the new MKUKUTA emphasis is being placed to identify/develop indicators in key areas that were previously not well represented including the environmental sector (United Republic of Tanzania, 2005b). Although the PMS intends to facilitate the harmonization of both national and donor funding under one system, donors funds that are directly transferred to budget support (e.g. PRBS/PRSC²⁵) are

²⁴ Various groups were developed on cross-cutting issues (environment, gender, etc.) that consisted of NGOs, CSOs, etc. The groups were asked to integrate the respective issues (environment, gender, etc.) during separate and mixed sessions.

²⁵ The PRBS (Poverty Reduction Budget Support) and PRSC (Poverty Reduction Support Credit) are the facility to which donors contribute to budget support in Tanzania.

currently monitored under a Performance Assessment Framework (PAF): a PAF identifies indicative actions that will be tracked by donors (United Republic of Tanzania, 2005). While donors use the same PAF in Tanzania, the World Bank insisted on adding additional parameters to monitor progress in the environmental sector (Hewawasam personal communication, 2005). Such environmental indicative actions included the development of legislation on environmental management, guidelines to integrate the environment into the PER process, and drafted environmental regulations on EIA and environmental standards.

4.2.b. In-country environmental management capacity

While Tanzania has developed an impressive number of environment and related targets in the new MKUKUTA (as well as various new environmental policies and regulations²⁶), a key challenge will be to implement and adequately finance the environmental sector: as similarly noted by a recent Public Expenditure Review on the environment: "... a key challenge remains is on how the government will invest in [the] environment to meet the national development and poverty reduction objectives" (United Republic of Tanzania, 2004b, p. 1). In the following section capacity in two national-level institutions are assessed to highlight key constraints (as well as opportunities) currently facing environmental and related institutions in Tanzania. In line with the multilevel evaluation – that evaluated the fisheries and transport sectors – capacity at the Fisheries Division (under the Ministry of Natural Resources and Tourism) and TANROADS (Tanzania National Roads Agency - responsible for implementing road development and rehabilitation) were evaluated.

Fisheries Division: The Fisheries Division – under the Ministry of Natural Resources and Tourism - is significantly challenged by a lack of human and financial resources to carry out its mandate to promote the sustainable use of fisheries resources. The division has been heavily affected by public service reforms that entailed the retrenching of approximately 600 individuals: while prior to the public service reforms the fisheries division had one fisheries officer in each district, after the reforms only priority districts have a fisheries officer (Nyanyaro personal communication, 2005). Monitoring of coastal waters has been especially weak: priority has traditionally been placed on the lake regions. While BMUs - responsible for the enforcement and implementation of national and local fisheries regulations - continue to be an instrumental link between villagers and the district level they too face significant resource constraints. A lack of resources, enforcement, and poor monitoring in the fisheries sector, is threatening sustainable use of fisheries resources in Tanzania. In Bagamoyo, for example, records show that only six fishermen were arrested in 1999 in connection with dynamite fishing and that only two received a fine of US\$3.50: Tanzania's Fishing Act, however, stipulates that individuals arrested for dynamite fishing *should* be penalized US\$757 or imprisoned for a minimum of three years (Wood et al., 2000).

TANROADS: TANROADS is a semi-autonomous road agency in charge of implementing road development, rehabilitation, and maintenance using private contractors and consultants. TANROADS is one of several executive agencies that have recently been established to improve government efficiently. Previously the Division of Roads (under the Ministry of Works), the number of staff was significantly cut (from an estimated 1000 to 600 staff), remuneration was improved, and bureaucracy cut down (Mgani personal communication, 2005). Various other divisions/departments have similarly been revamped into executive agencies including the Tanzania Revenue Authority (previously the Revenue Department under the Ministry of Finance)

²⁶ The new Environmental Management Act – that was developed this year - is helping strengthen environmental capacity by calling on improved coordination, sectoral requirements to abide to environmental regulations, and strengthened enforcement (Mugurusi, personal communication, 2005).

and Tanzania Building Agency (previously the Building Division under the Ministry of Works) (Mgani personal communication, 2005). An environmentalist and sociologist were recently employed at TANROADS who are responsible to in particular support the development of EIAs and SIAs for roads development and works (Ben Gerritson personal communication, 2005; Mwankusye personal communication, 2005). While improvements are being made to integrate environment and socio-economic issues in transport initiatives, work at TANROADS is significantly challenged by limited institutional capacity in environmental management at the national to local levels: in turn NEMC and the Ministry of Works formally recommended last year the need for environmental officers at the district level (Mwankusye personal communication, 2005).

5. Recommendations/Opportunities to improve environment-poverty mainstreaming

Based on the above institutional evaluation (section 4) and follow-up CSP review (section 3) various lessons learned and best practices have been drawn upon to develop long-term institutional and policy recommendations to improve environmental-poverty mainstreaming in EC development assistance. Emphasis is placed on recommendations to improve environment-poverty integration in future CSP programming and design.

1) The sustainable development of natural resources-based sectors - such as in fishing, mining, and tourism - fundamentally depends on the development of a strong environmental management regulatory framework. The EC, as well as other donors, must prioritize supporting the long term development of environmental capacity in partner countries. In the case of the EC, the good governance focal area provides an excellent opportunity with which good *environmental* governance may be supported.

2) Prior to funding budget support - as done by the EC under the “macro support” focal area - it is vital that the EC (ideally in collaboration with other donors) evaluate how/if the national strategy/PRSP has mainstreamed environment-poverty issues and addressed environmental capacity concerns. This includes evaluating: how NSAs were involved in developing the national strategy; how environment-poverty issues have been integrated and financed in the national strategy; and how environmental capacity will be strengthened (e.g., capacity in natural resources and related institutions at national to local levels, development of environmental and related policies, capacity to enforce these policies, etc.). The use of a SEA - as recently used to assess the Poverty Reduction Support Credit in Tanzania (United Republic of Tanzania, 2004) - may be useful.

3) In the case of Tanzania while the first PRSP (2000) poorly integrated environment-poverty issues, there have subsequently been significant developments in environment-poverty mainstreaming in the succeeding national strategy - the NSGRP/MKUKUTA. While integrating environment-poverty linkages in national strategies/PRSPs is in no doubt a fundamental first step towards addressing environmental/livelihood challenges, this must be followed up with appropriate investment - by the government and donors - in the environmental, natural resources, and related sectors (see also points 1 and 2). Priority must especially be given to strengthening linkages between national to district to local levels.

4) Macroeconomic reforms - supported by the EC (through the “macro support” focal area) and other donors - have resulted in unprecedented growths of numerous natural resources-based sectors and have in the absence of a strong environmental management framework resulted in significant negative environment/livelihood consequences. Negative environment/poverty impacts in the case of Tanzania include water contamination (e.g., due to sodium cyanide and mercury poisoning in the mining sector), over-fishing (due to unsustainable increases in fish

exports), and conflicts over access to and control over resources (due to tourist hotel construction, mine development, etc.). Development of environmental management capacity to help address these concerns is vital, especially in countries such as Tanzania that are highly dependent on natural resources (see also points 1 and 3).

5) According to this study, in the case of Tanzania inadequate prioritization of environment-poverty issues during country/CSP programming has in turn resulted in insufficient funding of environmental and related initiatives to address environment-poverty challenges. There is a dire need for the EC to review existing CSP, environmental, and related guidelines to improve the integration of the environment as a cross-cutting issues. This in particular entails developing useable and mandatory environmental guidelines that explicitly link with focal area development (i.e., trade; support to macro-economic policies; transport; rural development; regional co-operation, and good governance) (see also next point 6).

6) While a CEP is a useful tool to help identify environmental issues, the CEP - currently included as an appendix to the CSP - does not underscore the need to mainstream environment-poverty concerns throughout country programming. As indicated above there is a need to strengthen EC environmental guidelines to explicitly link to focal area development. Revised guidelines must underscore environment-poverty linkages and clearly link to the CSP process (as described in section 4.1.a. for Tanzania).

7) The Tanzania CSP – as in many other CSPs - did not include a CEP or request a SEA. Ambiguity on the need to include CEPs is challenging the inclusion of environmental profiles in CSPs (see also Snel, forthcoming). It is recommended that EC environmental guidelines are made to explicitly be mandatory and that awareness is subsequently raised on environmental procedural requirements.

8) It is recommended that needs assessments are conducted at country delegation-level to evaluate environmental capacity and needs. Such an assessment may highlight the need to strengthen TORs, recruit staff with environment and development backgrounds, and raise awareness on environment-poverty linkages.

9) TORs of country delegation staff, NAOs, etc. need to be strengthened regarding environmental commitments. More specifically TORs need to be revised/strengthened to indicate e.g., who will be responsible/held accountable to integrate the environment-poverty dimension in CSPs, to develop a CEP, to check to see if a SEA(s) will be conducted (e.g., on the national strategy), to follow-up on whether environment-poverty concerns have been integrated in focal development programming, etc. (see also Snel, forthcoming).

10) Although macroeconomic reforms in Tanzania have resulted in economic growth at the national level, local communities have insufficiently benefited from such growth. Priority by the EC and partner countries must be given to support benefit sharing and similar schemes (e.g., in tourism, mining, and other natural resources-based sectors) towards helping ensure that local communities benefit from and help manage natural resources.

11) It has been contested that current financial incentives are too heavily skewed towards benefiting large foreign operators/investors at the expense of national growth. In the mining sector in Tanzania, for example, foreign investors are currently only required to pay 3% - 5% royalties to the government. It is recommended that the EC support initiatives to investigate how national to local economies (see point 10 above) are benefiting from foreign investment towards seeking ways to more equitably distribute natural resources-based earnings.

12) Road development/rehabilitation - a sector heavily financed by the EC - is associated with numerous long term environment-poverty concerns - albeit indirect - including in the case of Tanzania deforestation (linked to anticipated increases in charcoal export) and property rights disputes (associated with land conversion for roads and envisioned increased number of commercial farms along roads) (see section 3.1.a. and 3.2.a.). EIAs/SIAs conducted for roads initiatives (e.g., at national level) must explicitly note of long-term environment/livelihood issues.

13) Gaining access to EIAs (e.g., on roads development) in Tanzania was problematic due to poor archiving. Adequate resources need to be allocated to make sure that EIAs/SIAs are properly archived, retrievable, and publicly accessible at EC- and national-level.

14) While EIAs are currently required by the EC for projects that are anticipated to have environmental impacts, SIAs are not yet required. Requiring the development of SIAs is fundamental towards addressing environment/livelihood concerns including e.g., that compensation is just and timely, that human safety and rights issues are addressed, that legal frameworks are in place to deal with property rights disputes, (forced) evictions, etc.

15) Public sector reforms have significantly impacted environmental capacity in natural resources and related sectors. Increased investment (government and donor) is needed to strengthen human resources in environmental, natural resources, and related sectors. Furthermore, identifying ways to improve institutional efficiency - as done in Tanzania through the development of executive agencies – needs to continue to be a priority.

16) Improving the selection/identification of CSP performance indicators – that are heavily relied upon during CSP reviews – provides a key entry point to facilitate environment-poverty integration in CSP design. Furthermore, indicators used by donors to evaluate budget support (e.g., the PAF in Tanzania) provide an additional opportunity to mainstream environmental issues. It is recommended that EC environmental and related guidelines are strengthened to include suggestions on types of environmental performance indicators that country delegations may consider to use (e.g., by linking to MDGs) (see also Snel, forthcoming).

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Appendix 2: National- and EC-level questionnaires

²⁷ (*) - indicates individuals that were contacted previously (e.g., for a pre-CSP assessment)

**National-level questionnaire:
Streamlining poverty-environment linkages in the
European Community's development assistance**

Environment-poverty impacts/ Follow-up CSP review

Transport (116 Million Euro EC funds): A recent multilevel evaluation (conducted January/February 2005) indicates the following poverty-environment concerns associated with the development and rehabilitation of roads in the Shinyanga region (northwest Tanzania)²⁸. Please provide additional information and/or case studies on the following:

- *Land scarcity and property rights disputes* (linked with road development and rehabilitation in Tanzania due to the conversion of land into commercial farms along roads, land used for roads and borrow pits, etc.);
- *Deforestation* (associated with anticipated increase in charcoal trade due to improved accessibility);
- *Other poverty-environment concerns* (linked to road development/rehabilitation in Tanzania – e.g., how is improved accessibility affecting economic growth in the fishing, mining, tourism, industrial, and other sectors and in turn impacting the environment and peoples' livelihoods - their health, accessibility to land and water, employment, etc.?)
- Which geographic areas and peoples are affected most by the above environment-poverty concerns? Any regional environment-poverty concerns (spillover effects in Rwanda, Burundi, etc.)? Institutional capacity and challenges to assess, monitor, and manage environment-poverty impacts associated with roads development/rehabilitation in Tanzania?

Macro support (98.6 Million Euro EC funds):

Fishing sector: The recent multilevel analysis (2005) furthermore indicates the following poverty-environment concerns linked to the liberalization of the fishing sector. Please provide additional information and/or case studies on the following:

- *Conflicts over access and use to fishing waters and resources*
- *Declining fish stocks and food insecurity*
- *Contaminated water* (linked with poor sanitation at fishing settlement camps)
- *Deforestation* (linked to fuel wood consumption for fishing processing and at settlement camps)
- *Other poverty-environment concerns?*
- Which geographic areas in Tanzania are most affected by the above? Any regional impacts? Institutional capacity and challenges to assess, monitor, and manage the above noted concerns (e.g., at fisheries departments)?

Other sectors: How are macroeconomic reforms (liberalization, privatization, etc.) affecting the growth of other sectors (mining, tourism, industrial activities, etc.) and in turn affecting the environment and poor peoples' livelihoods. Provide case studies where possible. Institutional capacity and challenges to address these concerns?

²⁸ Note that the EC is key donor funding road development and rehabilitation in Tanzania. The Tanzanian government will prioritize how to use EC funds in its Road Fund and Tan Roads budget. Since the 1990's the EU has heavily funded Tanzania's Integrated Road Project that has included the development and rehabilitation of the Mwanza Shinyanga border-Tinde, Nzega-Isaka, Wazo Hill-Bagamoyo, Mwanza-Nyanguge, Dodoma-Morogoro, Dar es Salaam port access, and Kigoma-Nyakanasi roads).

Governance (31.9 Million Euro EC funds): How are decentralization and the public service reforms (e.g., the Local Government Reform Program) influencing institutional capacity to address the above noted environment-poverty impacts/concerns?

Environment-poverty streamlining/ Institutional evaluation:

National-level: What types of national-level institutional and policy opportunities exist to improve environment-poverty streamlining? Current environment-poverty streamlining in national policies (e.g., in PRSP, sectoral policies, at Ministry of Finance, in Poverty Reduction Budget Support Facility, etc.)? Synergies with other programs/projects? In which places and to which people should the policy and institutional changes be directed to? Tools?

Other contacts?

**EC-level questionnaire:
Streamlining poverty-environment linkages in the
European Community's development assistance**

Environment-poverty impacts/ Follow-up CSP review

Transport (116 Million Euro EC funds)²⁹: A recent multilevel evaluation (conducted January/February 2005) indicates the following poverty-environment concerns associated with the development and rehabilitation of roads in the Shinyanga region (northwest Tanzania). Please provide additional information and/or case studies and indicate how CSP investment is addressing the following:

- *Land scarcity and property rights disputes* (linked with land conversion along roads);
- *Deforestation* (associated with anticipated increase in charcoal trade due to improved accessibility);
- *Other poverty-environment concerns* (linked to roads development and rehabilitation in Tanzania)

Macro support (98.6 Million Euro EC funds):

Fishing sector: The recent multilevel analysis (2005) furthermore indicates poverty-environment concerns linked to the liberalization of the fishing sector. Please provide additional information and/or case studies and indicate how CSP investment is addressing the following concerns:

- *Conflicts over access and use to fishing waters and resources*
- *Declining fish stocks and food insecurity*
- *Contaminated water*
- *Deforestation*
- *Other poverty-environment concerns* (associated with the liberalization of the fishing sector)

Other sectors: How are macroeconomic reforms (liberalization, privatization, etc.) affecting the growth of other sectors (mining, tourism, industrial activities, etc.) and in turn affecting the environment and poor peoples' livelihoods (their access to resources, health, employment, etc.)? CSP investment to address these env.-pov. concerns?

Governance (31.9 Million Euro EC funds): How are decentralization and the public service reforms (e.g., the Local Government Reform Program) influencing institutional capacity to address the above noted environment-poverty impacts/concerns?

Environment-poverty streamlining/ Institutional evaluation:

EC-level: What types of opportunities exist to improve environment-poverty streamlining at EC-level to address the above noted environment-poverty concerns?

- ***CSP Process:*** How was the Tanzanian CSP developed? Was representation from the environmental lobby present? Were local communities represented? If so, who and how? How were environment-poverty issues integrated in the Country Strategy?

²⁹ Note that the EC is key donor funding road development and rehabilitation in Tanzania. The Tanzanian government will prioritize how to use EC funds in its Road Fund and Tan Roads budget. Since the 1990's the EU has heavily funded Tanzania's Integrated Road Project that has included the development and rehabilitation of the Mwanza Shinyanga border-Tinde, Nzega-Isaka (both in the Shinyanga region), Wazo Hill-Bagamoyo, Mwanza-Nyanguge, Dodoma-Morogoro, Dar es Salaam port access, and Kigoma-Nyakanasi roads.

- *CEPs³⁰ and SEAs³¹*: Are efforts underway to include a Country Environmental Profile (CEP) in the Tanzanian CSP following the mid term review? Why was a CEP not developed for the initial Tanzania CSP (2000)? Have Strategic Environmental Assessments (SEAs) been developed in Tanzania? What are CEP and SEA guidelines?
 - *Tools and awareness building*: What tools were used (or would be useful) to help integrate and raise awareness on environment-poverty issues in CSPs? Level of awareness on environment-poverty issues in the Country Delegation? What type of follow-up has there been by EC (Brussels) to facilitate environment-poverty streamlining in the CSP?
 - *Other*: Other opportunities at EC programming level to improve environment-poverty integration? Possible synergies?
 - *EC involvement in PRSP Process*: Does the Poverty Reduction Budget Support Facility – to which EC funds are channeled – check on environment-poverty impacts of proposed investment? Opportunities to improve environment-poverty integration? Synergies?
 - *EC investment*: Are the environment-poverty impacts of current CSP sector investment being monitored? If so, by whom and how? Opportunities for strengthening? Possible synergies?
- National-level:** What types of national-level institutional and policy opportunities exist to improve environment-poverty streamlining? Current environment-poverty streamlining in national policies (e.g., in PRSP, sectoral policies, at Ministry of Finance, in Poverty Reduction Budget Support Facility, etc.)? Synergies?

Other contacts?

³⁰ A CEP provides an overview of: the state of the environment; environmental policy, legislation, and the institutional framework, and recommended priority actions.

³¹ A SEA is an overarching assessment at programming level that integrates environment and development issues, provides information on alternative options, and identifies potential environmental impacts of proposed policies and plans.

Appendix 3: Tanzania CSP: Allocation under the 9th EDF

Transport: Tanzania CSP (116 million Euro)³²

The EC is one of the main donors funding the roads sector in Tanzania. The EC currently accounts for 36% of total funding for the road sector in Tanzania. The 9th EDF funds will be used to continue to support the development and maintenance of the main road networks (as defined by the government). More specifically, the Tanzania CSP currently intends to:

- support backlog maintenance of rural/regional roads (30Million Euro);
- support backlog maintenance of paved/trunk roads (30Million Euro);
- contribute to the Road fund³³ (30Million Euro);
- support institutional development/strengthening (5million Euro); and
- finance of the Zanzibar port (21million Euro) (EU desk - Ministry of Finance, 2005).

While 9th EDF resources were initially earmarked to support the development of the central corridor road linking Dodoma with Singida the government recently decided to use its own resources. Although the roads budget has been modified, a final agreement regarding EC support in the transport sector is not expected until end of 2005 (EU desk - Ministry of Finance, 2005). Furthermore, although the Tanzania EC delegation had initially hoped to move towards sectoral support - that would emphasize building national capacities to maintain roads vs. supporting the development or rehabilitation of specific roads - this is being challenged by requirements/guidelines (e.g., at Brussels level) and a general lack of coordination in the roads sector (e.g., various national agencies current deal with road works including the Ministry of Works, TANROADS, and Ministry of Regional Administration and Local) (Gerritson, personal communication, 2005; Woringer, personal communication, 2005).

The EC has traditionally taken the lead among donors to fund road development in Tanzania and there are intentions to continue to do so: “Transport has been at the center of EC assistance to Tanzania since the start of co-operation in 1975” (United Republic of Tanzania and EC, 2000). Under the 8th and 7th EDFs, substantial support to transport was allocated to Tanzania to – among other things – pave the Mwanza Shinyanga border-Tinde road and the Nzega-Isaka road (169km); rehabilitate the Wazo Hill-Bagamoyo road (43km); reconstruct the Mwanza-Nyanguge road (35km), and maintain the Dodoma-Morogoro, Dar er Salaam port access, and Kigoma-Nyakanasi roads.

Macro support: Tanzania CSP (114 million Euro)³⁴

EC funding for macro support will be in line with the PRSP objectives and will support macroeconomic reforms implemented since the mid 1990s. The bulk of macro support (109 million Euro) will be used to contribute to budget support through the Poverty Reduction Budget Facility (PRBSII) to which various donors - except for the World Bank and IMF - contribute³⁵. A remaining 5 million Euro is being allocated to finance the government’s PFMRP (Public Financial Management Reform Programme) (3 million Euro) and to improve Tanzania’s Poverty

³² This amount represents the initial indicative allocation in the Tanzania CSP to the transport sector. Indicative allocations after the Mid Term Review (March 2005) indicates that including transfers from previous EDFs this amount is higher at between 110 to 125 million Euro (EU desk and Ministry of Finance, 2005).

³³ TANROADS is a semi-autonomous road agency in charge of implementing road development, rehabilitation, and maintenance using private contractors and consultants. EC and other donor funds will likely be allocated to TANROADS “basket fund”.

³⁴ This amount represents the initial indicative allocation in the Tanzania CSP to macro support. Indicative allocations after the Mid Term Review (March 2005) indicates that including transfers from previous EDFs this amount is higher at between 159 to 186 million Euro (EU desk and Ministry of Finance, 2005).

³⁵ 30% of the overall PRSP budget is supported by donors, while the remaining 70% is supported by domestic revenue.

Monitoring System (2 million Euro) (EU desk - Ministry of Finance, 2005). EC funds allocated to budget support are transferred into the national treasury: tracking EC (vs. other donor) funding is therefore not possible. EC funds are being disbursed on an annual basis for 3 years under the PRBSII program that in the PRSP (United Republic of Tanzania, 2000) are:

- supporting the priority sectors identified in the PRSP: education, health, agriculture, roads, judiciary, and HIV/AIDs prevention;
- maintaining macro-economic stability/supporting on-going macroeconomic and structural reforms including:
 - privatization: growth sectors have been confined to the mining, tourism, and services sectors (United Republic of Tanzania, 2000, p. 11);
 - liberalization of foreign trade; and
 - stabilization objectives (e.g., to maintain domestic inflation).

Full details are provided on the PRSP objectives and macroeconomic reforms in the Tanzania PRSP (2000) and Tanzania's Interim PRSP (Annex III).

*Governance: Tanzania CSP (31.9 million Euro)*³⁶

Approximately 17.4 million Euro will be allocated by the EC to support a Capacity Building and Participatory Development programme. This programme is focused on building capacity at local government level in 7 districts including of district-level administrators, key district agencies, and local councils wards. Additional EC funding was requested by the Ministry of Finance to support the Local Governance Reform Programme (LGRP) (8.2 million Euro). An amount of 3.5 million Euro will furthermore be allocated to support a non-state actors project: a project that aims to evaluate how non-state actors participated in developing the Tanzania CSP and how participation may be strengthened in the future. In addition the EC will provide support for an anti-corruption strategy (3.5 million Euro) and to the National Audit Office (3.8 million Euro) (EU desk - Ministry of Finance, 2005; Paris-Ketting personal communication, 2003).

*Education: Tanzania CSP (43.5 million Euro)*³⁷

EC support in the education sector is aimed to improve gender-balanced and equitable access to basic education. EC funds are being allocated to support the implementation of the Education Sector Development Programme (ESDP). Under the guidance of the Basic Education Development committee (BEDC), the ESDP aims to improve the teaching and learning environmental of primary schools (through availability of teaching materil, quality of teachers, etc.) and has been instrumental in abolishing school fees (that in turn is resulting in increased primary school enrolments) (see Tanania CSP for more detail on support being provided to the Education and other focal area) (EU desk – Mininstry of Finance, 2005).

³⁶ This amount represents the initial indicative allocation in the Tanzania CSP to the good governance (“non-focal sector”). Indicative allocations after the Mid Term Review (March 2005) indicates that - including transfers from previous EDFs - this amount is being adjusted to 81.35 million Euro (EU desk and Ministry of Finance, 2005).

³⁷ This amount represents the initial indicative allocation in the Tanzania CSP to the education sector. Indicative allocations after the Mid Term Review (March 2005) indicates that including transfers from previous EDFs this amount will remain at 43.5 million Euro (EU desk and Ministry of Finance, 2005).