

**Environmental mainstreaming in
EC Country Strategy Papers:
An evaluation of the
Tanzania (2000) and Madagascar (2001)
Country Strategies and opportunities
to address environment-poverty concerns**

**Author:
Mathilde Snel**

**Supervisors:
Hervé Lefeuvre, David Reed and Jenny Springer**

**World Wide Fund for Nature (WWF)
WWF-European Policy Office, Brussels
WWF-Macroeconomic Policy Office, Washington D.C.**

January 2004

Table of contents

Executive summary.....	5
1. Introduction.....	7
2. Background.....	8
3. Objectives.....	9
4. Methodology.....	9
4.1. Tier 1.....	10
4.2. Tier 2.....	10
5. Review of the Tanzania and Madagascar CSPs.....	11
5.1. Tanzania CSP: Review.....	11
5.2. Madagascar CSP: Review.....	12
6. Environment-poverty integration in the Tanzania and Madagascar CSPs	12
6.1. Tanzania CSP: environment-poverty integration.....	12
6.1.a. Environment-poverty linkages mentioned: Tanzania CSP	12
6.1.b. Environment/poverty integration in core areas: Tanzania CSP.....	13
6.1.c. Other (CEP, SEA): Tanzania CSP.....	14
6.2. Madagascar CSP: environment/poverty integration.....	15
6.2.a. Environment-poverty linkages mentioned: Madagascar CSP	15
6.2.b. Environment/poverty integration in core areas: Madagascar CSP.....	16
6.2.c. Other (CEP, SEA): Madagascar CSP.....	16
7. Environment-poverty weaknesses in the Tanzania and Madagascar CSPs	17
7.1. Tanzania CSP: environment-poverty weaknesses.....	17
7.2. Madagascar CSP: environmental-poverty weaknesses.....	18
8. Case studies/description of environment-poverty weaknesses.....	18
8.1. Tanzania: case studies/description of environment-poverty weaknesses	19
8.1.a. Transport, environment, and livelihoods: Tanzania.....	19
8.1.b. Macro support, environment, and livelihoods: Tanzania..	20
8.1.c. Good environmental governance: Tanzania.....	22
8.2. Madagascar: case studies/description of environment-poverty weaknesses	23
8.2.a. Transport, environment, and livelihoods: Madagascar.....	23
8.2.b. Macro support, environment, and livelihoods: Madagascar	23
8.2.c. Rural development, food security, environment, and livelihoods: Madagascar.....	25
9. Response strategies: addressing the environment-poverty concerns of the Tanzania and Madagascar CSPs.....	26
9.1. Tanzania: response strategies to address the environment-poverty concerns of the Tanzania CSP.....	26
9.1.a. WWF Tanzania Programme Office: response strategies..	26
9.1.b. EC and WWF: response strategies.....	26
9.1.c. EC: response strategies.....	27
9.2. Madagascar: response strategies to address the environment-poverty concerns of the Madagascar CSP.....	28
9.2.a. WWF Madagascar Programme Office: response strategies	28
9.2.b. EC and WWF: response strategy.....	28
10. Concluding remarks.....	29

10.1.	Lessons learned.....	29
	10.1.a. Environment-poverty integration.....	29
	10.1.b. Response strategies: WWF programme offices.....	30
	10.1.c. Response strategies: WWF Tanzania Programme Office	30
	10.1.d. Response strategies: WWF Madagascar Programme Office	30
	10.1.e. Response strategies: EC.....	31
10.2.	Best practices.....	31
	Bibliography.....	32
	Annex 1: List of individuals contacted.....	34
	Annex 2: Tanzania CSP: Allocation of EC funds to the transport, macro support, and governance core areas.....	35
	Annex 3: Madagascar CSP: Allocation of EC funds to the transport, macro support, and rural development core areas.....	37
	Annex 4: Tanzania statistics: natural resources dependence and poverty...	39
	Annex 5: Madagascar statistics: natural resources dependence and poverty	40

Executive summary

A recent review by the ACP-EU joint assembly indicates that the EC has inadequately mainstreamed environmental issues in its development assistance, particularly regarding the central role that the environment and access to environmental goods and services play in poverty alleviation. Understanding the critical role that natural resources play in sustaining the rural poor is fundamental to reducing poverty. The rural poor depend on natural resources for their food, water, energy, housing, and medicine. **Neglect of the environmental impacts of development assistance may significantly undermine environmental and natural resources conditions that provide a foundation for the livelihoods and survival of especially the rural poor.**

This study evaluates the scope and degree to which the environment has been integrated in select EC funded Country Strategies, identifies environment-poverty weaknesses, and articulates opportunities to address the environment-poverty concerns. Two Country Strategies have been evaluated: Tanzania and Madagascar. These countries were selected due to their significant dependence on natural resources, representative EC core areas and WWF focal ecoregions, availability of CSP, and synergies with other programs (e.g., PRSP). For each Country Strategy three core areas were evaluated: for Tanzania environment-poverty concerns of EC financing in the transport, macro support, and good governance core areas were assessed, while for Madagascar environment-poverty weaknesses in rural development, transport, and macro support were evaluated.

This study confirms that environment mainstreaming in EC Country Strategies is poor. Specific environment-poverty weaknesses identified by this study for the Tanzania CSP include poor integration of environmental and social concerns in transport initiatives, especially in EC financing of road development and rehabilitation in the Lake Victoria area; unregulated expansion of mining, tourism, and fishing (funded by the EC through “macro support”); and insufficient support to environmental management. While fewer environment-poverty concerns were identified for Madagascar – in large part due to Madagascar’s evolving and improving regulatory framework – this study documents poorly regulated expansion of various growth sectors including in mining and textiles.

This study indicates that **EC funding in countries with poorly developed environmental regulatory frameworks is associated with various negative environmental/livelihood impacts.** In Tanzania, for example, EC (and other donor) financing in the macro support and transport core areas – that is promoting unregulated growth in the mining, tourism, fishing, and other sectors – is resulting in significant deforestation, biodiversity loss, water degradation, disease incidence in surrounding local villages, and displacement of (mostly poor) rural communities. EC funding in especially the macro support core area, where funds are typically transferred directly to national treasuries, is shown to dangerously bypass environmental regulations. Since macro funds typically abide to national (vs. EC) environmental policies, EC funds are in several instances being used to support sectoral expansion (e.g., in tourism and mining) that has not (or minimally) conformed to environmental standards, labour laws, and other regulations.

There are numerous opportunities to improve environmental mainstreaming in EC Country Strategies and to address environment-poverty concerns. This study identifies various response strategies at both WWF and EC levels. At the WWF level, it is recommended that the WWF Tanzania program use collaborative approaches to address environmental/

livelihood concerns in especially the Lake Victoria area – where improved road access and growth in the mining, tourism, and fishing sectors are developing unsustainably. Collaborative approaches, involving WWF and other NGOs, the EC, government, and private agencies, are needed to strengthen good *environmental* governance in Tanzania. In Madagascar, the WWF Programme Office, the EC and other agencies are recommended to seek synergies to in particular strengthen environmental monitoring of various growth sectors including in mining and textile industries. At the EC level improvements in environment-poverty mainstreaming will require – among other things – follow-up on environment/poverty integration in Country Strategies, improvements in EIA quality control of EC financed projects, and improved financing of environmental regulatory frameworks, especially in countries where economies and people’s livelihoods significantly depend on natural resources.

Environmental mainstreaming in EC Country Strategy Papers: An evaluation of the Tanzania (2000) and Madagascar (2001) Country Strategies and opportunities to address environment-poverty concerns¹

1. Introduction

Despite the reordering of priorities of the international development community to focus on poverty alleviation, comparatively little attention has been given to the central role that the environment and access to environmental goods and services play in poverty alleviation, particularly of the rural poor. A recent review by the ACP-EU joint assembly – adopted October 2003 – on the “Sustainable management and conservation of natural resources in ACP countries in the context of the 9th European Development Fund aid Programming” indicates that European Commission (EC) development assistance inadequately addresses environmental issues, especially with regard to the critical role that natural resource assets play in alleviating poverty. This paper’s evaluation further confirms that environment-poverty integration in EC funded Country Strategy Papers – specifically for Tanzania and Madagascar – has been poor.

Understanding the central role that the environment plays in sustaining the rural poor is fundamental to effective poverty alleviation. The rural poor, while pursuing multiple livelihood strategies, depend on the environment for their food, water, housing and medicines, and their survival depends on the maintenance of stable, productive ecological systems.

This study will explore in detail the scope and degree to which select EC Country Strategy interventions have addressed the role of natural resource wealth in dealing with poverty alleviation. This study focuses on a review in two countries on the anticipated environmental impacts associated with EC development strategies and specific interventions needed to address environment-poverty concerns. Criteria for country selection includes representation of EC focal areas and WWF Ecoregions, availability of CSPs, high natural resources dependence, and synergies with similar programs (e.g., PRSPs). The countries for which CSPs have been evaluated are Tanzania and Madagascar.

This paper develops and uses an analytical framework to assess if EC Country Strategies have integrated key environment-poverty linkages. Key environment-poverty linkages about which the evaluation is structured highlight that poor people depend on natural resources for their livelihoods, rely on access and rights to land and natural resources, are more likely to be affected by the health consequences of deteriorating environments, and are at greater risk to environmental disasters. This assessment is used to identify various environment-poverty weaknesses and – through the use of case studies and document reviews – identifies types of interventions that may be used to address the environment/poverty concerns. The interventions are envisioned to inform WWF Programs on opportunities to better focus WWF advocacy and resource mobilisation when designing development programs in the context of the 9th European Development Fund (EDF). More specifically, recommendations on interventions are anticipated to inform especially the WWF Tanzania and Madagascar Programmes on future WWF investment. The paper’s

¹ This report was written by Mathilde Snel, a consultant contracted by WWF’s European Policy Office (EPO) and Macroeconomic Policy Office (MPO) (mathildesnel@hotmail.com). Supervision was given by Hervé Lefeuve (WWF-EPO, HLefeu@wwfepo.org), David Reed (WWF-MPO, Reedd@wwfus.org), and Jenny Springer (WWF-MPO, jenny.springer@wwfus.org).

conclusions will furthermore inform the EC on changes that are needed to enhance its impact on poverty and the environment. **This study then not only evaluates the extent to which environment-poverty issues have been integrated in select EC funded Country Strategies, but furthermore looks at identifying constructive ways to address environment-poverty gaps.**

2. Background

The European Community's Development Policy's (2000) principle aim is to "refocus its activities to combat poverty" where the "environment...will play an important role supporting the main objective", while the Contonou Agreement (2000) similarly states that activities "...shall be centred on the objective of reducing and eventually eradicating poverty consistent with the objectives of sustainable development..." **A vast array of other European Community (EC) policies and declarations and Multilateral Environmental Agreements (MEAs) explicitly further commit the EC to systematically integrate environment in all its strategic plans and programmes** (EC, 2003). Such policies and declarations include:

- the Commission's communication on "Integrating Environment and Sustainable Development into Economic and Development Cooperation Policy" (October 1999);
- the EC strategy on "Integrating the environment into economic and development co-operation (April 2001), etc.);
- the Rio Declaration on Environment and Development, Millennium Development goals; and
- the adopted Plan of Implementation at the World Summit on Sustainable Development.

The EC Development Policy Declaration (November 2000) indicates that the environment should be considered as a cross-cutting issue in EC funded Country Strategy Papers (CSPs) and needs to be integrated into the six core areas identified by the Development Co-operation: transport; macro support (linked to social sector programmes); good governance; rural development and food security; trade; and regional integration and cooperation.

Despite legal commitments and increased recognition of environment-poverty linkages, environment-policy issues have seldom been recognized in EC funded CSPs. A recent study on environment mainstreaming of 60 EC funded CSPs indicates that environmental integration in CSPs is very weak: scoring on average 2.96 out of a total of 10 (where 10 indicates excellent integration). Criteria that were used in this study included:

- Inclusion of Country Environmental Profiles (CEP)²: only 6 of the 60 countries included CEPs;
- Inclusion of a Strategic Environmental Assessment (SEA)³: only 3 of the 60 countries mentioned a SEA and one requested a SEA;
- Analysis of environmental issues in the CSP; and
- Inclusion of poverty-environment indicators (Davalos, 2002).

As highlighted by this study, neglect of the environmental impacts of trade, macro-economic support, transport, and other EC core areas – while improving aggregate economic performance – may undermine the environmental and natural resource conditions that provide a foundation for the livelihoods of the rural poor. Rapid over-harvesting, habitat alterations, water contamination,

² 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).

³ 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).

and other environmental degradation deteriorate the quality and quantity of food, water, medicinal, and other environmental resources upon which especially the rural poor rely and threaten natural resources upon which other species depend.

3. Objectives

This paper's principle objective is:

- to inform World Wide Fund for Nature (WWF) programs – particularly the Tanzania and Madagascar programme offices – on current poverty-environment weaknesses of EC Country Strategies;
- to influence the future development of WWF programs – in the context of the Cotonou 9th EDF (2002-2007) – to respond to such weaknesses; and
- to inform the EC on changes required to improve its strategic approach, particularly regarding the mainstreaming of environment-poverty issues in CSPs.

Objectives of this study are more specifically to:

- develop an analytical framework to evaluate EC Country Strategies on their integration of environment-poverty issues,
- evaluate environment-poverty integration in a number of CSPs,
- assess anticipated environment-poverty impacts of select EC Country Strategies;
- provide recommendations to WWF programs, relevant to its Ecoregions, on desirable areas of intervention needed to address the anticipated environment-poverty weaknesses; and
- as far as possible identify institutional weaknesses of the EC/CSP approach resulting in the environment-poverty gaps.

4. Methodology

This study responds to the above objectives by evaluating in detail in two countries:

- environment/poverty integration in the EC Country Strategies;
- anticipated environment-poverty weaknesses associated the CSPs; and
- interventions needed to address the anticipated environment/poverty concerns.

The evaluation builds upon previous work conducted on the linkages between the environment and poverty (DFID et al., 2002; Bojo and Reddy, 2002; Bojo and Reddy, 2003) and on assessments of environmental integration in PRPSs and CSPs (WWF MPO, 2003; Davalos, 2002; FERN, 2002). This study is framed about key environment-poverty linkages: namely that:

- poor people – especially the rural poor – depend on natural resources for their livelihoods;
- rely on rights to and access of land and natural resources;
- are more likely to suffer the health consequences of deteriorating environments; and
- have fewer means to cope to natural and man-made disasters.

This study's evaluation is conducted for Tanzania and Madagascar. These countries were selected due to their significant dependence on natural resources, availability of the CSP, relevance to the WWF program (e.g., ability of the WWF country programs to follow-up on recommendations made), and representative EC core areas (especially those that are highly funded – namely transport, structural adjustment, governance, and rural development)⁴. In each of the two countries, three core areas were assessed:

⁴ An assessment of 63 ACP countries indicates that 29.9% of 9th EDF program funds were allocated to transport, 22.1% to macro support, 7.9% to governance, and 7.7% to rural development (WWF EPO, 2003).

- for Tanzania environment-poverty concerns of EC financing in the transport, macro support, and good governance core areas were assessed,
- while for Madagascar environment-poverty weaknesses in rural development, transport, and macro support were evaluated.

This study uses a two-tiered approach to evaluate environment-poverty weaknesses and to identify possible response strategies and interventions.

4.1. Tier 1

Under Tier 1 a qualitative assessment is conducted to assess whether the CSP acknowledges key environment-poverty linkages and integrates environmental considerations in its discussion of the core areas. Based on this CSP review, a number of poverty-environment weaknesses are identified. This study's Tier 1 evaluation relies primarily on a desk review of the CSPs and relevant documents (e.g., the PRSP and interim PRPS).

The following specific questions have been used in the Tier 1 evaluation:

1. Were environment-poverty linkages mentioned in the CSP? Does the CSP acknowledge that:
 - i. Poor people disproportionately depend on natural resources for their livelihood (livelihood dependence on environmental resources)?
 - ii. People living in poverty are more likely to be disempowered through poorly defined land rights, inadequate access to information, and legal rights (access to environmental resources, justice, and information)?
 - iii. Poor people are more likely to be exposed to deteriorating environmental conditions (health and environmental quality)?
 - iv. People living in poverty are at higher risk to be exposed to – and have fewer means to cope with – natural and man-made disasters (vulnerability to environmental disasters)?
2. Are environmental-poverty issues integrated in the discussion of the core areas, e.g. for,
 - i. Transport/road development?
 - ii. Macro support (e.g., privatisation of mining, tourism, etc.)?
 - iii. Good governance?
 - iv. Rural development and food security?
 - v. Etc.
3. How were environmental issues integrated in the CSP?
 - i. Was a Country Environmental Profile (CEP) developed for the CSP (see footnote #1)?
 - ii. Was a Strategic Environmental Assessment (SEA) requested (see footnote #2)? Developed?
 - iii. Other?

4.2. Tier 2

In Tier 2 environment-poverty weaknesses are evaluated in more detail and case studies are used to identify possible intervention strategies to address the environment-poverty concerns. More specifically, the assessment evaluates how EC investment in the relevant core area (e.g., transport, macro support, etc.) is affecting (or anticipated to affect):

- The quality of environmental resources upon which poor peoples heavily depend (e.g., income streams from natural resources, revenue sharing, etc.);
- Poor people's access to land and natural resources, information, and justice (e.g., their rights to use and own land);

- Their health – particularly if environmental quality is deteriorating or anticipated to deteriorate (e.g., water and air degradation); and
- Their means to cope to environmental disasters (e.g., to floods, droughts, famine, conflicts, etc.).

This assessment highlights the various underlying causes and driving forces of environmental degradation ranging from global policies, to regional and national land tenure and property rights arrangements. Based on this evaluation, response strategies are identified to deal with the environment-poverty concerns. Such response strategies may include:

- Strengthening community-based natural resource management;
- Improving local to national environmental monitoring; and
- Strengthening a regulatory environmental management framework.

Recommendations on response strategies have been developed to be of relevance to WWF programs – specifically to the WWF Tanzania and Madagascar programme offices – and to the WWF’s focal ecoregions: for Tanzania the Eastern African coast forest and Eastern African marine ecosystems and for Madagascar the dry forest ecoregion (southern of Madagascar) and humid forest ecoregion (eastern coast). EC institutional/policy opportunities to address the environment/poverty concerns have also been identified.

The Tier 2 assessment heavily relies on a document review (e.g., case studies) and interviews (e.g., with staff at the EC directorates and country delegations, WWF country programs, and government agencies). A list of individuals contacted for the Tier 2 evaluation has been included in Annex 1.

This paper is subsequently divided into six sections: background discussion of the Tanzania and Madagascar CSP (Section 5); evaluation on environment-poverty integration in the Tanzania and Madagascar CSPs (Section 6); identification of environment-poverty weaknesses in the Tanzania and Madagascar CSPs (Section 7); case studies/description of the environment-poverty weaknesses (Section 8); response strategies to address the environment-poverty gaps (Section 9), and concluding remarks (Section 10).

5. Review of the Tanzania and Madagascar CSPs

5.1. Tanzania CSP: Review

Under the 9th EDF an amount of 290 Million Euros (Envelope A) has been allocated to Tanzania to support the following four core areas (listed in the order of funding magnitude):

- Transport: 116 Million Euro (40% of Envelope A funding);
- Macro Support: 98.6 Million Euro (34%);
- Education: 43.5 Million Euro (15%); and
- Governance: 31.9 Million Euro (10%).

An additional 65 Million Euro was provided under a second envelope (Envelope B) to cover unforeseen expenses such as emergency assistance and debt relief initiatives (United Republic of Tanzania and EC, 2000)

Specific details on the three core areas of the Tanzanian CSP that are evaluated by this study – transport, macro support, and governance (see the Methodology) – have been included in Annex 2.

5.2. Madagascar CSP: Review

Madagascar obtained 267 Million Euro under the 9th EDF (Envelope A) which is being allocated to support the following core areas:

- Transport: 135 Million Euro (51% of Envelope A funding);
- Macro support: originally 60 Million Euro (22%), currently estimated at 70 Million Euro;
- Rural development and food security: originally 60 Million Euro (22%), currently 32 Million Euro; and
- Good governance: 12 Million Euro (4%).

A remaining 60 Million Euro was secured for non-focal assistance, such as for emergency aid funds, debt relief, and economic stabilization (Envelope B).

Details on the three core areas of the Madagascar CSP that are evaluated by this study – transport, macro support, and rural development (see Methodology) – have been included in Annex 3.

6. Environment-poverty integration in the Tanzania and Madagascar CSPs (Tier 1)

This section provides an overview of the extent to which environment-poverty issues are mentioned and integrated in the Tanzania and Madagascar CSPs. This evaluation is structured about the Tier 1 questions as identified in the methodology (see Section 4.1).

6.1. Tanzania CSP: environment-poverty integration

6.1.a. Environment-poverty linkages mentioned (Tanzania CSP)

Despite the fact that the Tanzania CSP emphasises poverty alleviation and that Tanzania's economy is highly dependent on natural resources (see Annex 4 for a summary of statistics), **the CSP makes little to almost no mention of key environment-poverty linkages.**

Livelihood dependence on environmental resources: Tanzania CSP

There is no explicit reference to the fundamental importance of natural resources to people living in poverty in the Tanzania CSP, although the CSP does indicate that “Tanzania possesses considerable assets and vast resources, including large reserves of cultivable areas, mineral resources, a unique stock of natural assets and an abundant wildlife” (United Republic of Tanzania and EC, 2000, p. 6). **Nowhere in the Tanzania CSP is it mentioned that if natural resources are degraded, so too will the well-being of especially the rural poor.** The CSP does, however, state that if mining, tourism, and other service sectors grow, “the direct impact on poverty reduction may not be significant, as these sectors are capital-intensive” (United Republic of Tanzania and EC, 2000, p. 12). No reference is made to the opportunities of developing e.g., community based management so that local populations *can* benefit from growth in these sectors.

Access to environmental resources, justice, and information: Tanzania CSP

While general reference is made to the importance of land and resources rights, **no explicit reference is made in the Tanzania CSP to poor peoples dependence on natural resources access and land rights.** Initiatives to improve justice and information – considered as key conditions to facilitate access and rights to natural resources and land – are however highlighted. “Good governance” is a core area in the Tanzania CSP that – among other initiatives – will entail strengthening district level government and local community participation (see Annex 2 under “Good governance”). The Tanzania CSP did make various efforts to promote participation of non state actors in the CSP process itself. Concerns were, however, voiced by local community that participation was insufficient: EC funding under “good governance” may in fact be used to support a program to help strengthen non-state actors participation in the CSP process (see Annex 2 under “Good governance”) (Paris-Ketting, personal communication, 2003).

Health and environmental quality: Tanzania CSP

Despite an emphasis in the Tanzanian CSP to stimulate economic growth – such as in the mining sector – the CSP does not describe any potential health threats that growth in such sectors may have. Furthermore, the CSP does not indicate that people living in poverty are at greater risk to being exposed to the health consequences of environmental deterioration. The need for clean water is, however, noted: “Water supply remains vital in Tanzania. Less than 50% of the rural population has access to clean water” (United Republic of Tanzania and EU, 2000, p. 13). Two projects, funded under the previous 8th EDF, are mentioned: the Mwanza sewerage and Iringa water supply projects.

Vulnerability to environmental disasters: Tanzania CSP

While Tanzania’s rural population is highly dependent on agriculture and have suffered the consequences of numerous natural disasters (e.g., drought), the CSP provides surprisingly little information on the rural poor’s vulnerability to environmental disasters. There is, however, reference to the refugee problem prompted by longstanding conflicts in neighbouring countries, namely of Burundi, Rwanda, and the Democratic Republic of Congo. Owing in large part to the fact that Tanzania hosts one of the largest refugee populations in Africa, Tanzania benefits from one of ECHO’s (European Commission’s Humanitarian Aid Office) second largest programme of emergency relief.

6.1.b. Environment/poverty integration in core areas: Tanzania CSP

Although the Tanzania CSP explicitly states that “... sustainable management of the environment and natural resources is a crosscutting issue to be incorporated into all areas of co-operation” (United Republic of Tanzania and EU, 2000, p. 21) **there is remarkably vague integration of environmental issues in the discussion of most of the core areas** (e.g., in transport, macro support, and good governance).

Transport/road development: Tanzania CSP

The CSP states that “Environmental considerations will be consistently addressed throughout the [transport] programme” (United Republic of Tanzania and EU, 2000, p. 21) and furthermore mentions that environmental impact assessments on road development and rehabilitation will be conducted. While specific road initiatives are identified in the CSP – such as the development and rehabilitation of the Central and Lake Circuit corridors (see Annex 2) – reference is not made to the potential environmental/livelihood consequences of these developments. Considering that the road development will improve market and service access and that mining, fishing, tourism, and agriculture activities are concentrated in the Lake Victoria region, spill over environmental impacts are anticipated. These may include increased spread of HIV/AIDS and displacement of people. While negative environmental impacts due to road development/rehabilitation are not noted in the CSP, positive impacts of road development are mentioned in the CSP, namely improvement in market and services access.

Macro support: Tanzania CSP

As described in detail in Annex 2, macro support under the 9th EDF will go towards supporting Tanzania PRSP objectives, namely to fund the priority sectors identified in the PRSP (United Republic of Tanzania, 2000) (i.e., education, health, agriculture, roads, judiciary, and HIV/AIDs) and to maintain macro-economic and structural reforms. EC money will be channeled into a single treasure account and the Government of Tanzania will determine how exactly the money will be allocated: this makes differentiating what the EC supports vs. other donors impossible.

While the PRSP includes several important initiatives – many of which emphasize poverty alleviation (e.g., improvements in the health and education sectors) and in some instances

environmental improvements (e.g., provision of clean water) – PRSP **macro economic and structural reforms have been documented to be associated with various negative environmental/livelihood impacts**. Growth of such sectors as mining, tourism, fishing, and forestry, as well as the expansion of exports (e.g., of coffee, tea, sisal, cloves, and other cash crops), has in countries with poor environmental regulatory frameworks been documented to lead to unsustainable extraction, increased pollution, higher incidence of disease, displacement of local communities, and other negative environment/livelihood impacts (Reed, 2001).

While the Tanzania CSP notes that, “Uncontrolled tourism could ... jeopardize Tanzania’s natural resource endowment in environmental sensitive areas” (United Republic of Tanzania and EC, 2000, p. 13), the Tanzania CSP does not refer to the environmental/livelihood consequences of other growth sectors such as mining and fishing.

Good governance: Tanzania CSP

Despite legislative EC requirements to integrate environment as a cross-sectoral issue in all the core areas, no reference is made to strengthening good *environmental* governance in the Tanzania CSP. While in no doubt many of the good governance initiatives that are currently being supported in the Tanzania CSP (e.g., decentralization and others – see Annex 2) will help facilitate – albeit indirectly – improved natural resources management, good governance should also include specific efforts to improve environmental management, currently considered to be weak in Tanzania (Reed, 2001).

6.1.c. Other (CEP, SEA): Tanzania CSP

Country Environmental Profile (CEP) Tanzania CSP

As with many other EC Country Strategies, the Tanzanian CSP does not include a Country Environmental Profile (CEP). As previously mentioned, a recent study on environment mainstreaming of 60 EC funded CSPs indicated that only one in ten CSPs included a CEP (Davalos, 2002). Guidelines for the upcoming Mid Term Review (2003) are however requiring that all Country Strategies include a CEP (Le Grand, personal communication, 2003).

Strategic Environmental Assessment (SEA): Tanzania CSP

No Strategic Environmental Assessment (SEA) was requested or developed for the Tanzania CSP. As previously mentioned, a recent study by the EC indicated that of 60 CSPs only one country integrated the SEA while another two countries casually mentioned SEA (Davalos, 2002). The Mid Term Review (2003) does not make explicit reference for the need of CSP to request/follow up on SEAs (Le Grand, personal communication, 2003).

Other: Tanzania CSP

Rather than emphasizing environmental integration in the core areas, the Tanzanian CSP highlights that environmental activities are considered under “other budget lines”. The EC has under “other budget lines” supported various natural resources and tourism initiatives in Tanzania, namely community conservation and sustainable management of national parks and game reserves: amounting to approximately 25 Million Euros during the past decades. While these initiatives have provided much needed support for environmental management, spending on the environment under the “other budget lines” when compared to CSP spending is very low. More importantly, **consideration of environmental issues under only “other budget lines” has meant that environmental issues have been side-lined and in their entirety not integrated in various Country Strategies**. Considering the importance of natural resource wealth to such countries as Tanzania and Madagascar, such low prioritization of the environment is unwarranted.

6.2. Madagascar CSP: environment-poverty integration

The following section provides an overview of the extent to which environment-poverty issues have been integrated in the Madagascar CSP.

6.2.a. Environment-poverty linkages mentioned: Madagascar CSP

While ample reference is made to the importance of natural resource wealth in the Madagascar CSP (see Annex 5 for a summary of statistics), little mention is made in the Madagascar CSP on key environment-poverty linkages.

Livelihood dependence on environmental resources: Madagascar CSP

The Country Environmental Profile – attached as an appendix – does note that a large portion of the Madagascar population – implicitly the poor – relies on natural resources for their food, timber, drinking sources, energy, and “immediate needs” (République de Madagascar et Communauté Européenné, 2001, p. 11). Furthermore, ample reference is made in the Madagascar CSP on Madagascar’s vast natural resource wealth and rapid growth of various sectors that rely on natural resources (e.g., fishing activities). The CSP mentions that while the growth sectors have been attributable to substantial job creation, people living in poverty have not yet sufficiently benefited.

Access to environmental resources, justice, and information: Madagascar CSP

Land and property rights are primarily discussed in the Madagascar CSP with regard to supporting the development of the private sector: “...the land question will have to be taken into account because it constitutes an obstacle to the development of the private sector and the revival of agricultural sector” (République de Madagascar et Communauté Européenné, 2001, p. 11)⁵. **No specific mention is, however, made to the importance of addressing natural resources and land access and rights issues for the poorest segments of society.** Support to good governance in the Madagascar CSP, although obtaining less funding, is however envisioned to help improve poor people’s access to justice and information – conditions that are conducive to improving environmental management.

Health and environmental quality: Madagascar CSP

While the Madagascar CSP does not specifically state that people living in poverty are more vulnerable to the health consequences of degrading environmental resources, the CSP does note that “76% of Madagascans do not have access [to drinking water]” particularly affecting “90% of the poorest quintile of the population” (République de Madagascar et Communauté Européenné, 2001, p. 9). Environmental consequences of growth sectors such as mining and tourism – noted to have significant impacts on human health – are however not discussed in the Madagascar CSP or its attached CEP.

Vulnerability to environmental disasters: Madagascar CSP

A core area of the Madagascar CSP is to support rural development and food security initiatives. **A part of the rural development strategy will be to target areas with high poverty and high occurrence of natural disasters** (e.g., drought and cyclones). Implicit then is a recognition that the poorest segments are at greater risk to – and have fewer means to cope with – environmental disasters.

⁵ All quotes from the Madagascar CSP have been translated from the original French version.

6.2.b. Environment/poverty integration in core areas: Madagascar CSP

Despite the Madagascar CSP committing itself to "...Article 20..., to integrate in all fields of co-operation ... questions of gender, environment, institutional development, and capacity building" (République de Madagascar et Communauté Européenné, p. 3), environment mainstreaming in the Madagascar CSP core areas – as indicated in the below evaluation – needs strengthening.

Transport/road development: Madagascar CSP

The Madagascar CSP acknowledges that environmental impacts were in the past inappropriately integrated in the transport sector and indicates that "all recent road programs [supported by the] EU will take into account [systematic environmental impact assessments to] ensure better integration of socio-environmental concerns" (République de Madagascar et Communauté Européenné, 2001, p. 13).

Macro support (e.g., privatisation of mining, tourism, etc.): Madagascar CSP

Emphasis in the Madagascar CSP is placed on continued privatisation in which economic benefits are highlighted and environmental consequences glossed over, "The government is committed to concluding the [macro-economic stabilization and structural reform] programs, whose objective is in particular ...the development of the private sector and thus favourable growth" (République de Madagascar et Communauté Européenné, 2001, p. 1). Growth sectors are envisioned to include tourism, fishing and aquaculture, mines, manufacturing industries (e.g., textiles), and agriculture sectors: the textile industry alone is envisioned to increase tenfold (!).

Although Madagascar plans to in the second phase of its Environmental Programme integrate environmental considerations into its macro economic and sectoral management programs, little to no mention is made in the current CSP on the environmental/livelihood impacts of the above indicated growth sectors. Considering that nine out of ten jobs directly depend on natural resources (Republic of Madagascar, 2003), environmental impacts due to growth in mining, fishing, textile, and other sectors are anticipated to be substantial.

Rural development and food security: Madagascar CSP

The Madagascar CSP recognizes that all rural development investments need to ensure "[limited] pressure on natural resources" (République de Madagascar et Communauté Européenné, 2001, p. 14).

6.2.c. Other (CEP, SEA): Madagascar CSP

Country Environmental Profile (CEP): Madagascar CSP

Madagascar is one of the few countries that *did* attach a CEP to the appendix of its CSP.

Strategic Environmental Assessment (SEA): Madagascar CSP

Despite including a CEP, a SEA was not requested or developed.

Other: Madagascar CSP

Environmental initiatives under "other budget lines" are mentioned, namely the "environment and tropical forest" support. Funding for these initiatives are much lower however when compared to spending of the CSP core areas.

7. Environment-poverty weaknesses in the Tanzania and Madagascar CSPs (Tier 1)

Based on the above CSP review the following questions relating to environment-poverty weaknesses were identified for respectively the Tanzania and Madagascar CSPs.

7.1. Tanzania CSP: environment-poverty weaknesses

- Transport:
 - *Environmental consequences*: How has the environment been impacted by the development of especially the EC funded Central and Lake Circuit corridors/ the Mwanza and Mwanza Regional Border-Nxega/Isaka roads (e.g., biodiversity loss)? Was an Environmental Impact Assessment (EIA) conducted?
 - *Livelihood consequences*: How have livelihoods of especially the poor been affected by the development of these and other roads – e.g., Improved market access? Displacement? Health impacts (spread of HIV/AIDS?) employment? Access to natural resources?
 - *Response strategies*: What interventions are needed to deal with current/anticipated environment-poverty concerns?

- Macro Support:
 - *Environmental consequences*: How has (anticipated) growth in the following sectors impacted (envisioned to impact) the environment (e.g., forests, fresh water, fisheries, etc.):
 - Mining;
 - Tourism;
 - Fishing;
 - Agriculture (e.g., expansion of coffee, tea, cotton and other cash crop exports); and
 - Other growth sectors?
 - *Livelihood consequences*: How has (anticipated) growth in the above sectors affected (envisioned to affect) livelihoods, especially of the rural poor: e.g., Changed quality and access to natural resources and land? Health consequences? Employment? Have rural communities benefited in the past from growth in the mining and tourism sectors: e.g., through revenue sharing? Who have traditionally benefited from these growth sectors?
 - *Response strategies*: What interventions are needed to deal with the environment-poverty concerns?

- Good governance:
 - What is the extent to which Tanzania has *developed a regulatory environmental management framework*:
 - What have the effects of public service reforms been on the development of an environmental management regulatory framework (e.g., to monitor environmental changes and sustainable development)?

7.2. Madagascar CSP: environment– poverty weaknesses

Based on a similar review, the following set of questions were identified as environment-poverty weaknesses in the Madagascar CSP.

- Transport:
 - *Environmental consequences*: How is road development and rehabilitation in Madagascar – especially in the South – impacting (anticipated to impact) the environment: e.g., Affecting forests, fish, fresh water, etc.? Impacting wildlife corridors/biodiversity?
 - *Livelihoods consequences*: How is road development/rehabilitation impacting (anticipated to impact) peoples livelihoods, especially of the rural poor: e.g., Improving market access? Causing displacement? Impacting health?
 - *Response strategies*: What interventions are needed to deal with the anticipated environment-poverty concerns?

- Macro Support:
 - *Environmental consequences*: How is current (anticipated) growth in the following sectors impacting (anticipated to impact) the environment (e.g., forests, fresh water, fisheries, etc.):
 - Mining
 - Tourism
 - Shrimp
 - Textile
 - Forestry
 - Agriculture (e.g., expansion of vanilla, coffee, and other cash crop exports); and
 - Other growth sectors (?)
 - *Livelihood consequences*: How has growth in the above sectors affected (envisioned to affect) people’s livelihoods, especially of the rural poor: e.g., Changed quality and their access to natural resources and land? Their health? Employment opportunities? Have rural communities benefited in the past from growth in the mining and tourism sectors? Who have benefited from the growth sectors?
 - *Response strategies*: What interventions are needed to help ensure that the rural poor benefit from the above noted growth sectors?

- Rural development and food security:
 - *Environment/livelihood consequences*: What initiatives are being developed under the rural development and food security core area? What are anticipated environmental/livelihood impacts?
 - *Response strategies*: What interventions are needed?

-

8. Case studies/description of environment-poverty weaknesses (Tier 2)

Various staff – e.g., at EC headquarters, the EC country delegations, WWF programmes, and government agencies – were contacted and asked to provide information and case studies based on the above noted poverty-environment weaknesses (see Appendix 1 for a list of individuals contacted). Furthermore, numerous documents, articles, etc. were downloaded off the web.

While many of the subsequent case studies may not always specifically refer to EC funded initiatives, they do indicate how EC funding of similar projects may potentially lead to similar environment/livelihood concerns. Environment-poverty case studies for Tanzania and

Madagascar have been respectively discussed. In the next section (Section 9) response strategies to address the environment-poverty weaknesses will be identified.

8.1. Tanzania: case studies/description of environment-poverty weaknesses

8.1.a. Transport, environment, and livelihoods: Tanzania

As indicated in Annex 2, the EC will fund the continued development of the Central and Lake Circuit corridors and more specifically the development and rehabilitation of the Mwanza and Mwanza Regional Border-Nzega/Isaka roads. Furthermore, the EC has since the 1990s heavily funded Tanzania's Integrated Road Project (IRP): this has included 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.

The EC requires that EIAs are conducted on all projects that may have an environmental impact, including in the transport sector (EC, 2001). An EIA was, for example, included in the financing proposal (for 8th EDF support) for the Mwanza Regional Border-Nzega/Isaka road (EC, 2000).

Considering the magnitude of the project at 105 Million Euro, this EIA is remarkably short and limited in scope: the EIA consists of a one page environmental assessment included in the appendix. The EIA emphasizes that environmental impacts are "rated as low" since the road concerns an "existing road" that "does not touch any protected or particular environmentally sensitive areas" (EC, 2000, p. 8). The EIA limits its discussion to short-term "road-side" and construction impacts – e.g., filling and drainage of borrow pits after completion of project, development of road embankments, handling of wastes from the road work camp, informing contract workers on HIV/AIDs, reducing pollution and mitigating accidents during construction works, and prohibiting poaching by road workers.

The environmental/livelihood impacts of the Mwanza Regional Border-Nzega/Isaka road may be assumed to be much higher upon considering that the "existing road" entails paving one of the "still unpaved and frequently impassable links in the Central Corridor". Furthermore, the road project has "as its objective to improve the condition for trade and economic growth and cohesion in East Africa and within Tanzania": the mining, fishing, and agriculture sectors are vibrant sectors around the Lake Victoria area (EC, 2000, p. 2). The EIA does not include a discussion of long-term environmental/livelihood impacts due to anticipated increases in the fishing, mining, and tourism sectors around the Lake Victoria area. Furthermore, the EIA does not mention or propose strategies to address potential long-term increase spread of HIV/AIDs in local communities. **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).

Aside from the EC funded Mwanza road mentioned above, the EC funded Wazo Hill-Bagamoyo has been documented to have substantial negative environmental/livelihood impacts. Rapid increase in tourism in this area, coupled with Tanzania's poor environmental regulatory framework, has led to the clearing of mangrove areas (to make way for large hotels and for their construction), dumping of untreated effluent by hotels, and displacement of local communities (Wood et al., 2000) (see also under "Tourism: Case studies (Tanzania)" in the next section).

8.1.b. Macro Support, environment, and livelihoods: Tanzania

The EC, as well as other donors, will continue to finance macro support in Tanzania to further facilitate – among other sectors – growth in the mining, tourism, fishing, and agribusiness sectors. While economic growth is a powerful means to reduce poverty, such growth – especially in an economy that heavily relies on natural resources – must be sustainably managed. Unfortunately, as highlighted in the below case studies **the absence of a strong environmental management regulatory framework in Tanzania, has meant that economic growth has often been oriented towards short term gains at the expense of long term sustainability**. Although this evaluation assesses environment/poverty concerns of key growth sectors in Tanzania, it is recommended that other growth sectors (e.g., forestry and water) are in the future also evaluated.

Mining: Case studies (Tanzania)

Continued privatisation and liberalization – a key objective of Tanzania’s PRSP and supported by numerous donors including the EC – has helped make the mining sector one of the most dynamic and rapidly growing sectors in Tanzania. The sector currently contributes to 2.3% of the GDP, is an important foreign exchange earner, and grew 27% in 1999 – a major increase from the previous year’s 17%. Mining of especially gold has boomed. Other mineral resources in Tanzania include diamonds, gemstones, coal, limestone, and salt (OECD, 2002).

While the mining sector has employed thousands of poor workers in Tanzania (an estimated one million people) and has stimulated local economies (through the creation of mid and large sized industries), growth in the mining sector has come at significant social and environmental cost (National Environmental Research Institute, 2001; Reed, 2001). **Smuggling of gold and semi-precious stones, evasion of taxes, rent seeking behaviour, lack of enforcement of Tanzania’s mining acts, lack of institutional capacity, and in general a lack of an enforceable regulatory framework has marred the sustainable expansion of the Tanzanian mining sector** (Reed, 2001).

Attractive financial incentives in Tanzania’s mining sector (e.g., five year tax holidays and repatriation of profits) have in particular benefited mid and large sized mining operators at the expense of small poor miners. **A poorly regulated framework in Tanzania has allowed mid sized operators to get away with offering poor working conditions to small miners**, including NOT granting contractual stability and fixed prices for minerals. In addition, uncertainties on authority to address land issues – where mining permits have often been given by regional authorities located far from local communities – has furthermore prevented the resolution of numerous land conflicts between local villages and mid/large sized mines (Reed, 2001).

Aside from numerous social costs, unregulated mining growth in Tanzania has been associated with significant environmental degradation. Senior scientists and geologists at a conference on mining concerns in East Africa recently stated that the “haphazard mineral exploration [is] an ‘environmental time bomb’” (The Nation, 2002). 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 confronted with mercury, graphite, and kerosene poisoning in water supplies, increased disease incidence, large scale land clearance (caused by sometimes thousands of migrant miners), 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 dire 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 communities (Wildnet Africa News Archive, 2000).

Tourism: Case studies (Tanzania)

Continued privatisation and liberalization – promoted by donors including the EC – has resulted in substantial growth of Tanzania’s tourism sector. Tourism accounted for about 38% of Tanzania’s share in total exports in 1998 and tourism earning rose from US\$27 million in 1986 to US\$570 million in 1998 (!) (Reed, 2001).

While economic growth in Tanzania’s tourism sector has been welcomed as a significant economic achievement, such growth has again been insufficiently regulated and has come at a significant social and environmental cost. In Tanzania’s national parks and reserves, **local communities are suffering at the expense of large gains made primarily by (often foreign) tourism investors and entrepreneurs**. Tanzania’s integrated Tourism Development Master Plan and formally adopted National Tourism plan have stimulated foreign investment – by providing special benefits to overseas operators (e.g., tax holidays and exceptions) – but have failed to provide benefits to local communities: these plans have NOT facilitated local employment opportunities or community based revenue sharing.

In addition to side stepping local communities, tourism expansion in Tanzania has been associated with significant environmental degradation. In Zanzibar and Bagamoyo, the **tourist hotel construction (and its expansion) has lead to the clearing of large tracts of mangrove areas that in turn has resulted in coastal erosion, excessive 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 tenure⁶, hotel construction and expansion have furthermore caused small farmers and fishermen to lose access to valuable farming and fishing areas (Reed, 2001).

Poorly developed EIAs – that *are* required in Tanzania in the tourism sector – have not effectively flagged social and environmental impacts. **The EIAs developed for the construction of four big hotels in the Serengeti National Park were, for example, criticized for being ad hoc and “shoddy”**: the EIA studies for construction of the Serengeti Serena Lodge National Park and the Ngorongoro Conservation Area were developed under very short notice in which “... severe time constraints were imposed on the EIA team in order to minimise delays in the implementation of the project” (Mwalyosi and Hughes, 1998, p. 59). Hussein Sosovele (personal communication, 2003) similarly indicates his concern regarding EIAs in Tanzania: “EIA in the decision making process and enforcement of mitigation measures is weak in Tanzania” and “[EIAs] are usually done in order to secure funds but not as effective tools for decision making and environmental management”.

Fishing: Case studies (Tanzania)

The fishing sector in Tanzania is growing substantially although again at a high environmental and social price. The well documented Rufiji Delta Prawn Farming Project in southern Tanzania indicates the many environmental/livelihood consequences that growth in the fishing sector may have if it is poorly regulated. Despite the fact that the delta is the largest mangrove forest in East Africa, accounts for 80% of all wild-shrimp catches in Tanzania, and is home to about 41,000 small farmers and fishermen, the multimillion dollar private prawn farming project was accepted

⁶ 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.

in 1997 (WRM, 2001). **Development of the prawn farm – that intended to develop 20,000 hectares of shrimp farms – resulted in a ripple effect of environmental and social impacts.**

Large tracts of mangrove forests were deforested to make ways for the prawn farms resulting in deforestation, loss of biodiversity, and displacement of local communities. The absence of water treatment facilities on the farm contaminated water and in turn increased disease incidence of neighbouring communities. Social tensions, between those who supported and didn't support the development of the prawn farm, furthermore escalated (Wood et al., 2000).

Lack of enforcement, poor monitoring, and low penalties has similarly resulted in unsustainable fishing elsewhere. 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).

Agriculture/Export growth: coffee, tea, and cotton (Tanzania)

Continued privatization and liberalization, as well as EC "Everything but Arms" initiative – that gives duty and quota free access to Tanzania's products in the EC – is expected to increase Tanzania's exports of especially cash crops such as coffee, tea, and cotton⁷. Cotton, in particular, is an environmentally demanding crop that requires high fertilizer application to maintain soil fertility (Goreux and Macrae, 2003). Should there be significant growth in the production of these and other cash crops, environmental friendly methods need to be encouraged: e.g., the application of organic fertilizers, eco-culture, agro-forestry, etc.

8.1.c. Good environmental governance: Tanzania

Despite EC requirements to integrate environment as a cross-sectoral issue in all the core areas, no reference is made to strengthening good *environmental* governance in the Tanzania CSP. As indicated in Annex 2, the EC is considering to support – under the "good governance" core area – Tanzania's public service reforms. While these reforms have been noted to have improved government efficiency in many sectors, they threaten to further decrease environmental management capacity in Tanzania. **The public service reforms have already entailed the trimming down of the public payroll from 470,000 to 270,000 government employees: this has contributed to a lack of staff and funds to enforce environmental standards in Tanzania.** The public service reforms have trickled down to the district and local levels where staff and funding have similarly been reduced. In the Bagamoyo's district forestry department, for example, insufficient facilities and funds has lead to its inability to enforce rules and monitor illegal harvesting in the surrounding mangrove forests (Wood et al., 2000).

⁷ To date there has been little expansion of these cash crops – largely attributable to low (and falling) international prices. Efforts were also made under the 8th EDF to expand exports of these cash crops but due to decreasing global markets to no avail. EC STABEX funds were used to compensate farmers for losses. The decrease in exports of these cash crops has lead to periodic abandonment of coffee and other cash crop fields (Koehler-Raue, personal communication, 2003).

8.2. Madagascar: case studies/description of environment-poverty weaknesses

Based on a thorough document review and numerous interviews, environment-poverty weaknesses of the Madagascar CSP (identified in Section 7) are subsequently described in detail.

8.2.a. Transport, environment, and livelihoods: Madagascar

As indicated in Annex 3, the EC will primarily be funding the rehabilitation and maintenance of roads in especially southern Madagascar. The road rehabilitation is envisioned to open local and regional markets and to facilitate production in especially the South.

In addition to the EC EIA requirements, the Government of Madagascar has since the development of its National Environmental Action Plan (NEAP) – adopted in 1991 – required EIAs for all initiatives that entail environmental impacts. Furthermore, quality controls on EIAs have been conducted in Madagascar: such as by the WWF Madagascar Program on the recent development and rehabilitation of roads supported under the 9th EDF (WWF Madagascar Policy Office, 2003).

EIAs are gaining sufficient clout in Madagascar. The recent EIA on development of the RN45, for example, resulted in the adoption of measures to minimize environmental impacts: the road was adjusted so that it would not traverse through a zone of significant biodiversity in the Ranomafana National Park. While the EIA discusses direct environmental impacts of the road development (e.g., road kill), it does not mention indirect impacts, e.g., due to increases in exports, tourism, and mining prompted by the road development. The CSP emphasizes that rural livelihoods will benefit from the improved road and market access. The indirect impacts on livelihoods of the expansion of mining, tourism, and other sectors – prompted by the improved road access – are not discussed. Although such sector expansion will likely provide local employment, health consequences, land disputes, and other negative livelihood impacts are anticipated (see also the next Section 8.2.b.).

8.2.b. Macro support, environment, and livelihoods: Madagascar

Macro economic and structural reforms – in part financed by the EC – are largely attributable to Madagascar’s rapid expansion in the mining, tourism, fishing, textiles, and agriculture sectors (see Annex 3). While economic growth is critical to Madagascar’s economy, considering the country’s dependence on natural resources (see Annex 5) such growth must be sustainable. Although Madagascar’s environmental regulatory framework is stronger compared to other developing countries (e.g., Tanzania), unregulated growth in some sectors – as documented in the below case studies – have had significant negative environment/livelihood impacts.

Mining: Case studies (Madagascar)

Madagascar’s economic reforms – promoted by donors such as the EC – have stimulated the development of large scale mining operations. This has included the mining of sapphires and limonite (Republic of Madagascar, 2003). Mining in Madagascar has been associated with serious environmental damage and livelihood consequences. The mining of sapphires has led to deforestation, destabilization of soil (thousands of holes are typically created), population surges in once small villages (e.g., the Ambondromifehy village grew from 100 to 20,000 inhabitants), increased spread of water related disease in neighbouring (often poor) communities, corruption, and increased use of child labour (BBC, 2003; WWF Madagascar Programme Office, 2000). Furthermore, **the recently approved mining of limonite in southern Madagascar will entail dredging of over 6,000 hectares of soil and transform a major saline water source into a freshwater source** (WRM, 2003). It is anticipated that the mine will result in the deforestation of large tracks of land; losses of seawater shrimps, crabs, eels, marine turtles, and other species; and pollute water – the extraction of limonite requires treatment by sulphuric acid to obtain titanium.

Such changes will decrease the quality and quantity of food, water, medicinal, and other natural resource sources and in turn negatively impact surrounding communities.

Tourism: Case studies (Madagascar)

Madagascar's economic and structural reforms have also facilitated the expansion of tourism, albeit slower than expected at an annual growth of 10% during the last decade (Republic of Madagascar, 2003). **Tourism development in Madagascar has emphasized transferring protected area management (and its benefits) to local communities. Park management has as a consequence improved significantly** – various parks have shown a serious decline in the number and seriousness of illegal activities and living conditions of local communities have improved substantially.

Community based park management has been facilitated through the adoption of Madagascar's National Environmental Action Plan (1991) that requires the development of new environmental management institutions and broader management strategies (Randrianandinana et al.). More specifically, the NEAP has encouraged the development of partnerships which includes the transfer of management to conservation and development NGOs of 17 of Madagascar's 47 protected areas. In 1993 Madagascar's National Park Service furthermore adopted a policy that transferred 50% of protected area gate fees to community-managed projects. In some instances – particularly at some of the most popular protected areas – communities have benefited from high park revenue: in some parks as high as US\$10,000 per year. Community managed projects have ranged from supporting entrepreneurial projects – such as bee-keeping project, farm development, and local (small scale) hotels and restaurants – to financing the development of village grain stores, schools, and health centres. The projects have as a secondary effect stimulated money circulation and employment within and about the local communities (Randrianandinana et al.).

Fishing: Case studies (Madagascar)

Madagascar's fishing sector has been growing in large part due to economic reforms and structural adjustments, promoted by among other donors the EC. Between 1999 and 2000 export revenue from fisheries, for example, increased by 19.3%, while government revenue from the fishing sector increased by 29.5% (Republic of Madagascar, 2003). Environmental concerns and **signs of over-fishing are becoming common**: catch rates in 1999, for example, decreased by 20% compared to previous years.

Shrimp farming in particular has caused substantial environmental and livelihood deterioration. Shrimp has become one of Madagascar's main fish exports and has entailed the clearance of substantial areas of mangrove forests during the last decade. Such massive land clearance has resulted in biodiversity loss and in turn decreased small fishermen catch and income. In many instances small farmers and fishermen have, in the wake of expanding prawn industries, faced limited access to valuable fishing grounds and have been displaced, e.g., in the Baly Bay region in western Madagascar (WRM, 2001b).

Textile: Case studies (Madagascar)

As in many other developing countries, Madagascar's economic reforms have entailed the development of free trade zones to increase foreign exchange earnings – again promoted by various donors including the EC. In Madagascar, 162 firms have since 1989 been set up in these zones, employing approximately 72,000 people. The doubling in value of Madagascar's exports during the last decade is in particularly attributable to new types of goods being produced in the free trade zones (Republic of Madagascar, 2003).

Textile industries have in particular flourished in the free trade zones. Clothing items alone have accounted for almost 40% of all Malagasy exports (!) (Republic of Madagascar, 2003). Considering that the textile industry typically entails the use of chemicals for processing, dumping of industrial effluents and resulting health consequences – to especially workers and neighbouring local communities – is a concern. The occupational hazards of those working in the textile and other industries (in the free trade zones) is also a major concern. Owing to a lack of regulations and/or limited (or no) enforcement of labour laws, workers in many free trade zones confront numerous occupational hazards ranging from poor ventilation, to failed provision of medical care and protective equipment, and poor training on hazard prevention. A recent report by the International Confederation of Free Trade Unions (ICFTU, 2003) states that **Madagascar has “blatantly violated its labour laws” in the free trade zones.**

Export growth: Cash crops (Madagascar)

Agriculture currently forms the basis of the Madagascar economy contributing between 28% and 66% of the GDP and employing between 76% and 86% of the population. Although most agriculture in Madagascar is small scale and for subsistence (e.g., rice growing), such cash crops as vanilla and coffee have traditionally contributed substantial amounts to the national economy. It is anticipated that Madagascar’s economic reforms as well as the EC’s “Everything but Arms” initiative – that will give duty and quota free access to all products exported to the EC – will prompt an increase in the production of vanilla, coffee, cashew nuts, peppers, and other cash crops. Such a production increase, if insufficiently regulated, has the potential to lead to environmental degradation, such as through ground water pollution caused by the increased use of fertilizers and pesticides. As widely documented, the use of greater amounts of nutrients may in turn lead to numerous environmental/livelihood consequences including decline in oxygen concentrations in rivers, death of fish, loss of water clarity, deterioration of coral health, destruction of mangrove ecosystems, increased disease incidence, displacement of poor communities, etc.

8.2.c. Rural development, food security, environment, and livelihoods: case studies in Madagascar

As indicated in Annex 3, a total of 18 Million Euro will be distributed to 180 communes in Madagascar (100,000 Euro to *each* commune) under the EC funded “rural development and food security” core area. Participatory approaches will be used in which communes themselves determine which rural development and food security initiatives to support: these may range from promoting agricultural production, to requesting improvements in extension services and irrigation. Another 14 Million Euro will be used to fund inter-community/watershed rural development and food security initiatives.

Although specific initiatives have yet to be determined for both the commune and inter-community rural development initiatives, environmental/livelihood concerns will need to be assessed should environmental impacts be expected (see next section under “Response strategies”).

9. Response strategies: addressing the environment-poverty concerns of the Tanzania and Madagascar CSPs

This study based on the above review furthermore identified interventions needed to address the environment-poverty gaps of the Tanzania and Madagascar CSPs. These are respectively discussed in the next section. The response strategies are described to be of of specific relevance to the WWF country programs and the EC.

9.1. Tanzania: response strategies to address the environment-poverty concerns of the Tanzania CSP

9.1.a. WWF Tanzania Programme Office: response strategies

- Transport: Synergies with existing WWF Tanzania and other programs – around especially the Lake Victoria area – need to be built to help address environmental/livelihood impacts of road development/rehabilitation around the Central and Lake Circuit corridors. Specific attention should also be given to associated environmental impacts due to sectoral growth (e.g., in mining, fishing, and exports) prompted by the improved (road) access. Alignment with Tanzania’s focal ecoregions is needed (see also Section 8.1.b).
- Mining:
 - **Revisions are needed in the mining policy to support small-scale miners.** This includes providing credit opportunities and incentives similar to those currently given to mid and large mining operations.
 - Local communities and small scale miners need to be involved in and work collaboratively with regional authorities to allocate mining plots to mid and large scale investors.
 - Mid and large scale mining companies need to be held accountable for environmental damage incurred. Follow-up is essential to ensure that mining companies comply with environmental impact assessments, standards, and other regulations.
- Tourism: **Standards need to be developed and enforced to involve local communities in tourism activities.** This includes ensuring that tour operators will involve local communities in tourism-related employment opportunities and revenue sharing.
- Fishing: **Policies that allow large scale commercial fishing,** including the development of large prawn farms, need to be reassessed. Improvements in monitoring and follow up on over-harvesting and over-fishing are also needed.
- Macro support: **The WWF Tanzania program needs to keep careful track of growth sectors** promoted through macro support, such as in mining, tourism, fishing, and agriculture. Synergies with existing WWF and other programs and projects (e.g., NGO, governmental, and private agencies) are required to address the environment-poverty concerns.

9.1.b. EC and WWF: response strategies

- While growth in the mining, fishing, and other sectors are key to economic development, long-term benefits from growth in these sectors will only be realized if extraction is sustainable. As noted in this study’s evaluation, the lack of a transparent and effective environmental regulatory framework in Tanzania has restricted sustainable development of its growth sectors (e.g., mining, tourism, and fishing) and roads. WWF, as well as the EC, governmental agencies, private institutions, donors, and other NGOs need to seek collaborative approaches to strengthen Tanzania’s environmental management regulatory framework. This will require – among other things – supporting:
 - Revision of land tenure and use rights: Uncertain land ownership and a dual system of land tenure in Tanzania currently makes it difficult for local

community to control use of land, especially in instances where large-scale tourism, mining, and other enterprises are seeking to expand their activities. **Land tenure and use rights need to be revised in Tanzania to fundamentally protect the rights of local communities.**

- EIA requirement and follow up: **EIAs need to be required for all activities entailing environmental impacts in Tanzania.** Current EIA legislation in Tanzania is piecemeal and requires EIA development for some (e.g., mining and tourism) although not all activities. Where EIAs are required, follow up on EIA quality and their enforcement is needed to ensure that appropriate measures are being taken to minimize environmental and social impacts.
- Community based environmental management initiatives: **Strengthening of community involvement in natural resource management and development of community revenue sharing schemes are essential.**
- Environmental monitoring: Local community organizations – that may serve as watchdogs over government and corporate behavior – will in particular need to be supported. Capacities at relevant sectoral national and district agencies will also need to be increased: e.g., at fishing, agricultural, mining, statistics, etc. agencies.
- Environmental policy and enforcement: There is a need to **ensure that district offices have sufficient capacity and funds to enforce policies** and have access to (and use) current policies. Many district offices have been documented to use outdated copies of laws.
- Polluter pay principle: **A polluters pay principle needs to be institutionalized so that enterprises are held accountable to environmental damages** implemented during (and after) their operation.
- Agricultural research: Research in and use of environmental friendly agricultural techniques needs to be continually promoted: e.g., the use of organic fertilizers, agro-forestry, etc.
- Anti corruption: **Continued strengthening of anti corruption policies and enforcement is vital.**

9.1.c. EC: response strategies for Tanzania

- Despite EC policies requiring that all strategic plans and programmes incorporate environmental concerns (see also above), **EC funding to macro support activities – that often entails the transfer of EC funds directly into national treasuries – is dangerously bypassing EC environmental requirements.** For example, since Tanzania does not require the development of EIAs for all sectors, the EC is financing initiatives that have not incorporated environmental and social concerns. EC funding should only be given to those countries in which EIAs are required and effectively implemented and monitored.
- While due credit is given to the EC for requiring EIAs for all its initiatives that have anticipated environmental impacts, as indicated by the evaluation of the EIA for the Mwanza road project (see Section 8.1) quality of the EIAs is lacking. **The development of high quality EIAs** includes comprehensive analysis of direct and indirect environmental and social impacts. A quality support group within Europe Aid's Evaluation Unit has recently been deployed to integrate environmental guidelines at the project level (Barbedo, personal communication, 2003). This group could be held accountable to ensure that EIAs for EC funded initiatives are conducted and of high quality.
- Although developing high quality EIAs at the project level is crucial, **flagging initiatives with potential environmental consequences should ideally be done early on when the**

CSP is developed. There are currently efforts underway to require CEP inclusion for all CSPs in the Mid Term Review (Le Grand, personal communication, 2003). While CEP inclusion is important, guidelines need to furthermore be developed to ensure that CSPs integrate in their discussion of each of the core areas environmental concerns and environmental/poverty linkages.

- Gaining access to EIAs was cumbersome: no central archive exists of the EIAs (Bousquet, personal communication, 2003). Since the EC country delegations are currently responsible to maintain EIAs under all EC funded initiatives (e.g., under the 9th EDF), it is recommended that EC country delegations **develop an EIA archive and provide open access to the EIAs**. Such public access would not only help inform the public on environmental considerations of EC funded projects, but may also facilitate accountability and provide incentive for the production of better quality EIAs. The World Bank, for example, includes EIAs for its projects on its website: similar transparency by EC funded initiatives is recommended.

9.2. Madagascar: response strategies to address the environment-poverty concerns of the Madagascar CSP

Based on this study's review, the following response strategies were identified to help address the environment-poverty weaknesses of the Madagascar CSP.

9.2.a. WWF Madagascar Programme Office: response strategy

- Transport: The WWF Madagascar Programme Office should **keep careful track of environment/poverty concerns regarding road development and rehabilitation, especially in the southern part of the country** where road development is currently being emphasized. Specific attention should be placed on associated environmental impacts due to sectoral growth (e.g., in mining, fishing, and exports) prompted by the improved (road) access. Synergies with WWF programs and other programs will need to be sought in addressing the environment/poverty concerns.
- Macro support: It is recommended that the WWF Madagascar Program **keep careful track of continued growth in the mining, textile, fishing, and agricultural sectors**. Furthermore expansion in the forest, water, and other growth sectors should also be tracked. Alignment with WWF's biodiversity conservation visions, particularly in the Dry Forest and Humid Forest Ecoregion Programmes – and WWF Madagascar's priority ecoregions is needed.

9.2.b. EC and WWF: response strategy

- Success in Madagascar's tourism sector is attributable to a strong regulatory framework. Support needs to be provided to further strengthen Madagascar's environmental management regulatory framework in other sectors (e.g., mining, textiles, fishing, and agriculture). This includes strengthening:
 - Community based environmental management;
 - Environmental policy and enforcement;
 - EIA quality control; and
 - Land tenure and use rights that fundamentally protect the rights of local communities.
- While the EC has financed improvements in monitoring of the fishing sector in Madagascar⁸, it is recommended that similar support is given to monitor other growth

⁸ A fishing agreement between Madagascar and the EC has, for example, allowed Madagascar to monitor – using a satellite monitoring system – tuna fishing by EC fishing vessels and other illegal fishing (AFROL, 2001). Furthermore,

sectors in Madagascar such as mining, textiles, agricultural expansion. The WWF Madagascar Programme Office and the EC need to seek collaborative approaches and partnerships – e.g., with the government agencies, donors, NGOs, local communities agencies – to **strengthen environmental monitoring in Madagascar**. Environmental monitoring developments in Madagascar will need to be reviewed (e.g., in the fishing, mining, tourism, and other sectors), best practices assembled (e.g., based on existing environmental monitoring programs), and an integrated monitoring program developed. Best practices to which Madagascar may ascribe includes strengthening environmental data collection, archiving, and analysis capacities at relevant sectoral agencies (e.g., national and province level departments and ministries of mining, industry, fishing, and agricultural sectors), developing a decentralized system (possibly entailing working through the current network of environmental cells), and emphasizing local communities involvement in decentralized environmental monitoring activities.

- The EC Madagascar delegation has asked NGOs (including WWF), the private sector, and civil society to be involved in the *implementation* of the EC funded programmes, including in its rural development initiatives. It will be important that those involved in project implementation account for environment/livelihood impacts of these initiatives. Mark Fenn of the WWF Madagascar Programme Office however expresses his concerns: “Unfortunately ...many of the NGOs and private sector organizations that will be contracted to implement EC programmes will be much less concerned, or will forget about, the environmental impact assessment and monitoring” (Fenn, personal communication, 2003). **Quality control and other follow up mechanisms need to be developed to help ensure that EIAs are developed and that projects are being monitored routinely**. It is anticipated that strengthening environmental monitoring capacities, especially at local levels, may facilitate transparent environmental monitoring of initiatives (see above recommendation).
- WWF’s Madagascar Programme and the EC need to continue to promote the use of sustainable agricultural methods and technologies in especially the context of EC funded commune and inter-community rural development and food security initiatives.

10. Concluding remarks

Based on this study’s review, various key lessons learned and best practices have been drawn. For more specific recommendations – particularly for the WWF Tanzania and Madagascar programme offices – refer to the previous section (Section 9).

10.1. Lessons learned

10.1.a. Environment-poverty integration

- This study, as have other reports (Davalos, 2002), indicates that environment-poverty integration in the EC Country Strategies is poor. Although numerous EC policies and declarations commit EC programmes to systematically integrate environmental issues, **there is remarkably vague integration of environmental issues and limited discussion of environment-poverty linkages in both the Tanzania and Madagascar CSPs.**
- **The EC needs to improve environmental integration at both the programming and project level.** This includes, mainstreaming environmental considerations (and impacts) in the discussion of the core areas in the CSP, requiring a CEP (this is currently being requested in the CSP Mid Term Review), requiring a SEA for all projects with

the EC has been funding control/policing programs carried out by the Ministry of Fisheries (Fenn, personal communication, 2003).

anticipated environmental impacts, and developing procedures to check on the quality of environmental integration in the CSPs and of project-level EIAs.

- Rather than integrating environmental concerns in the Tanzania and Madagascar CSPs, these CSPs highlight that environmental activities are considered under “other budget lines”. While in no doubt these activities have provided much needed support for the environment, environmental issues have as a result been side-lined under “other budget line” and not mainstreamed in many Country Strategies. In countries where economies and people’s livelihoods highly depend on natural resources, such **low prioritization of the environment is unwarranted.**

10.1.b. Response strategies: WWF Tanzania and Madagascar programme offices

- **Synergies between WWF programme offices and EC country delegations should ideally be established early on** so that potential negative environment/livelihood consequences may be detected and minimized at an early stage. This includes not only WWF involvement in the implementation and evaluation of EC funded programs and projects, but furthermore entails WWF input in EC program/project identification and funding allocations (e.g., during CSP development).
- WWF programme offices need to keep careful track of EC funded initiatives (i.e., transport, macro support, rural development, and good governance initiatives) and of possible associated environmental/livelihood impacts.
- WWF programs need to seek collaborative approaches to strengthen national environmental management regulatory framework. This will require – among other things – strengthening community based environmental management, environmental monitoring, and policy enforcement.

10.1.c. Response strategies: WWF Tanzania Programme Office

- The lack of an effective environmental management framework is seriously threatening sustainable development in Tanzania. Various case studies indicate that growth sectors – facilitated in part by EC funding to macro support – are associated with serious environmental degradation and livelihood concerns, including biodiversity loss, water contamination, increased disease incidence, displacement of local communities, and decreased access to natural resources and land.
- **Synergies with existing WWF Tanzania and other programs – especially around the Lake Victoria area – need to be built** to help address potential environmental/livelihood impacts of road development/rehabilitation (i.e., around the Central and Lake Circuit corridors) and increased growth prompted by the improved road access (e.g., in the fishing, mining, and tourism sectors).
- **Alignment with WWF Tanzania programmes and its priority ecoregions need to be emphasized** in addressing environment/poverty concerns.

10.1.d. Response strategies: WWF Madagascar Programme Office

- **Alignment with WWF’s biodiversity conservation visions**, particularly in the Dry Forest, Humid Forest Ecoregion Programmes and WWF’s priority ecoregions, **needs to be emphasized** in addressing environment/poverty weaknesses.
- The WWF Madagascar Programme Office needs to seek collaborative approaches and partnerships to strengthen environmental monitoring in Madagascar, such as of the mining, textile, fishing, and agricultural sectors. Environmental monitoring developments in Madagascar will need to be reviewed, best practices assembled, and an integrated monitoring program developed.

10.1.e. Response strategies (EC)

- The lack of an effective environmental management framework is seriously threatening sustainable development in many developing countries. **Good environmental governance is fundamental towards facilitating sustainable development.** The EC needs to emphasize supporting the development of strong environmental management regulatory frameworks in developing countries, particularly in its “good governance” core area. The use of the EC Rural Policy (2000) – that focuses on empowering rural communities, consolidating democracy, and promoting sustainable natural resource management – could be a useful policy framework to mainstream such sustainable development and good environmental governance.
- While the EC requires the development of EIAs for all its projects that have an environmental impact, this may be dangerously bypassed in instances where the EC transfers its funds directly into national treasuries, as is commonly the case for EC funding under “macro support”. While the EC is not alone in supporting unregulated growth, **the EC (and other donors and agencies) must be held accountable for environmental and social impacts in all initiatives it funds,** irrespective of whether funds are transferred into a national treasury or to a specific project.
- **EC funding in countries with a poorly developed environmental regulatory framework has entailed significant environmental degradation and consequently deteriorated livelihoods of especially the rural poor.** In Tanzania for example, EC (and other donor) financing to macro support and transport is, for example, prompting unregulated growth in the mining, tourism, and fishing sectors – documented to have resulted in significant increases in deforestation, biodiversity loss, water degradation, disease incidence, and displacement.
- **Gaining access to EIAs is cumbersome.** Since the EC country delegations are currently responsible to maintain EIAs (e.g., under the 9th EDF), these delegations are encouraged to develop EIA archives.
- **The EC needs to strengthen its institutional procedures to ensure the development of high quality EIAs.**

10.2. Best practices

- The EC Madagascar delegation has already asked WWF Madagascar to plan and evaluate its investments. Furthermore, this EC country delegation is encouraging NGOs, the private sector, and civil society to *implement* EC funded programmes and projects in Madagascar. Similar **synergies and partnerships between the EC country delegations and WWF programme offices** (as well as with other NGO, government, and private agencies) are highly encouraged.
- Madagascar plans to in the second phase of its Environmental Programme **integrate environmental considerations into its macro economic and sectoral management programs.** Such early detection of potential negative environment/livelihoods impacts is highly recommended in other countries as well.
- The development of a **strong environmental management framework in Madagascar’s tourism sector** – that has entailed the transferring of protected area management (and benefits) to local communities – has been a big success. Emphasis on community based resource management, revenue sharing, decentralization, and partnership building has been attributable to improved park management and improved living conditions of surrounding local communities. Economic growth *can* lead to win-win situations so long as such growth is coupled with strong regulatory management.

Bibliography

- AFROL, 2001. *Madagascar and EC introduce satellite monitoring of fishing vessels*. http://www.afrol.com/News2001/mad004_satellite_fish.htm.
- Barbedo, Joao, personal communication, 2003. EC EuropeAid.
- BBC, 2003. *Madagascar's scramble for sapphires*. Richard Hamilton, August 1, 2003. <http://news.bbc.co.uk/2/hi/africa/3114213.stm>
- Bojo and Reddy, 2003. *Poverty reduction strategies and the millennium development goal on environmental sustainability: Opportunities for alignment*. Environment Economic Series. September 2003. World Bank Environment Department, Washington D.C.
- Bojo and Reddy, 2002. *Poverty reduction strategies and environment*. Environment Economic Series. Paper No. 86, June 2002. World Bank Environment Department, Washington D.C.
- Bolly, Jean-Louis, personal communication, 2003. EC EuropeAid Co-operation Office.
- Bousquet, Matthieu, personal communication, 2003. EC EuropeAid Co-operation Office.
- Cornelis, Kurt, personal communication, 2003. EC EuropeAid Co-operation Office.
- Davalos, M.E., 2002. *Mainstreaming environment in the Country Strategy Papers: A review of 60 countries*. November 2002. EC DG-Development, Brussels.
- DFID, EC, UNDP, and the World Bank, 2002. *Linking poverty reduction and environmental management: Policy challenges and opportunities*. July 2002. Washington D.C.
- EC, 2003. *Report on sustainable management and conservation of natural resources in ACP countries in the context of the 9th EDF programme*. October 2003, Committee on Social Affairs and the Environment, ACP-EU Joint Parliamentary Assembly.
- EC, 2001. *Manual: Project Cycle Management*. March 2001. EuropeAid Co-operation Office.
- EC, 2000. *Financing Proposal: 8th EDF: Rehabilitation and up-grading of Mwanza Border-Tinde and Isaka-Nzega Roads*. July 2000. DG Development, Brussels.
- Goreux and Macrae, 2003. *Reforming the cotton sector in Sub-Saharan Africa (SSA)*, Africa Region Working Paper Series No. 47, March 2003. World Bank Group.
- Fenn, Mark, personal communication, 2003. WWF Madagascar Programme Office.
- FERN, 2002. *Forests at the edge: A review of EC aid spending*. FERN, The EC Forest Platform. November 2002.
- ICFTU, 2003. *Export Processing Zones – Symbols of exploitation and a development dead-end*. International Confederation of Free Trade Unions (ICFTU), September 2003. Brussels.
- Ingelbrecht, Christopher, personal communication, 2003. EC Europe Aid Co-operation Office.
- Jambiya, George, personal communication, 2003. Prospective employer at WWF-Tanzania Programme Office.
- Koehler-Raue, Gabriela, personal communication, 2003. EC DG-Development.
- Le Grand, Simon, personal communication, 2003. EC DG-Development.
- Mwalyosi and Hughes, 1998. *The performance of EIA in Tanzania: An assessment*, London, IIED.
- National Environmental Research Institute, 2001. *Artisanal gold mining and lead-copper mines in Tanzania*. <http://www.dmu.dk>.
- OECD, 2002. *Environmental impacts of foreign direct investment in the mining sector in sub-saharan Africa*. OECD Global Forum on International Investment: Conference on foreign direct investment and the environment. February 7-8 2002. Paris.
- Paris-Ketting, Maria, personal communication, 2003. EC Tanzania Delegation.
- Randrianandianina, Rasolofo, Razafimahatratra, and Nicoll, *Protected areas and Society in Madagascar*. WWF Madagascar Program.

- Reed, 2001. *Economic change, governance, and natural resource wealth: The political economy of change in southern Africa*. World Wide Fund for Nature. Earthscan Publications Limited, London and Sterling, Va.
- République de Madagascar et Communauté Européenne, 2001. *Strategie de Cooperation et Programme Indicatif: Pour la periode 2002-2007*.
- Republic of Madagascar, PRSP, 2003. *Poverty Reduction Strategy Paper*.
- Sosovele, Hussein, personal communication, 2003. WWF Tanzania Programme Office.
- The Nation, 2002. *Scientists warn over mining activities*. October 15, 2002. Nairobi.
- Thieulin, Denis, personal communication, 2003. EC Madagascar country delegation.
- United Republic of Tanzania and EC, 2000. *Country Strategy Paper and National Indicative Programme: for the period 2001-2007*.
- United Republic of Tanzania, PRSP, 2000. *Poverty Reduction Strategy Paper*
- Wildnet Africa News Archive, 2000. *Gold mining threatens environment and people in East Africa*, October 02, <http://wildnetafrica.co.za/wildlifeneews/200/10/791.html>
- Wood, Stedman-Edwards, and Mang, 2000. *The root causes of biodiversity loss*. WWF World Wide Fund for Nature. Earthscan Publications Limited, London and Sterling, Va.
- WRM, 2003. *Madagascar: Rio Tinto mining project goes ahead... for the worst*. World Rainforest Movement, July 2003.
- WRM, 2001. *Tanzania: the death of the Rufiji Delta Prawn Project*. World Rainforest Movement, October 2001.
- WRM, 2001b. *Madagascar: Mangrove importance and threats*. World Rainforest Movement, October, 2001.
- WWF EPO, 2003. *Presentation on "Mainstreaming environment in development cooperation and Country and Regional Strategy Papers"* by Hervé Lefevre, WWF European Policy Office. December 3, 2002. Addressed to the European Commission, Brussels.
- WWF MPO, 2003. *Poverty alleviation and environmental protection: A review of four Poverty Reduction Strategy Papers and associated documents*. October 2003. World Wide Fund for Nature, Macroeconomic Policy Office. Washington D.C.
- WWF Madagascar Programme Office, 2003. *Controle qualite pour l'etude d'impacts sur l'environnement du programme d'aménagement, de renforcement et d'entretien periodique des routes nationales RNP2, RNP7, RNS12, RNS25, RN45: Rapport final*. Novembre 28 2003.
- WWF Madagascar Programme Office, 2000. *Support to the resolution of the sapphire problem for the northern region*. Final report submitted to PACT Madagascar.

Annex 1: List of individuals contacted

Barbedo, Joao, EC EuropeAid (tel: (32) 02-29-68627).

Bolly, Jean-Louis, EC EuropeAid Co-operation Office (Jean-Louis.Bolly@cec.eu.int).

Borgato, Franco, EC EuropeAid Co-operation Office (Franco.Borgato@cec.eu.int).

Bousquet, Matthieu, EC EuropeAid Co-operation Office (mathieu.bousquet@cec.eu.int).

Coolman, Bea, WWF International (bcoolman@wwfint.org).

Cornelis, Kurt, EC EuropeAid Co-operation Office (Kurt.Cornelis@cec.eu.int).

Fenn, Mark, WWF Madagascar Programme Office (markfenn@hotmail.com).

Fiorello, Fabio, EC EuropeAid Co-operation Office (Fabio.FIORELLO@cec.eu.int).

Gillet, Yves, EC EuropeAid Co-operation Office (Yves.Gillet@cec.eu.int).

Guillot, Bernard, EC Europe Aid Co-operation Office (Bernard.Guillon@cec.eu.int).

Hanna, Jill, EC DG-Environment (Jill.Hanna@cec.eu.int).

Ingelbrecht, Christopher, EC Europe Aid Co-operation Office (Christopher.Ingelbrecht@cec.eu.int).

Jambiya, George, (Prospective employer) WWF Tanzania Programme Office (jambiya@esrf.or.tz).

Kerr, Brian, consultant (brian.kerr@htsdevelopment.com).

Koehler-Raue, Gabriela, EC DG-Development (Gabriela.Koehler-Raue@cec.eu.int).

LaRose, Christopher, EC EuropeAid Co-operation Office (Christophe.LAROSE@cec.eu.int).

Le Grand, Simon, EC DG-Development (Simon.Le-Grand@cec.eu.int).

Lewis, Jeffrey, consultant (jlewis@korongo.com).

Montanye, Dawn, WWF US (Dawn.Montanye@WWFUS.ORG).

Mwageni, Herman, WWF Tanzania Programme Office (HMwageni@wwftz.org).

Nicholson, Sally, WWF UK (snicholson@wwf.org.uk).

Paddack, Jean Paul, WWF Madagascar Program Office (JPPaddack@wwf.mg).

Paris-Ketting, Maria, EC Tanzania Delegation (Maria.Paris-Ketting@cec.eu.int).

Piazzardi, Maria-Paola, EC DG-Development (Maria-Paola.Piazzardi@cec.eu.int).

Ramamonjisoa, Joseph, WWF Madagascar Programme Office (JRamamonjisoa@wwf.mg).

Ramarojaona, Lantosa, WWF Madagascar Programme Office (LPRamarojaona@wwf.mg).

Ratsifandrihamanana, Nanie, WWF Madagascar Programme Office (NRatsifandrihamanana@wwf.mg).

Razafimpahanana, Malalarisoa, WWF Madagascar Programme Office (MRazafimpahanana@wwf.mg).

Razafimahatratra, Tiana, WWF Madagascar Programme Office (TRazafimahatratra@wwf.mg).

Siegel, Paul, (previous employer) WWF Tanzania Programme Office (Psiegel@wwfwafrika.org).

Sosovele, Hussein, WWF Tanzania Programme Office (hsosovele@wwftz.org).

Thieulin, Denis, EC Madagascar country delegation (Denis.Thieulin@cec.eu.int).

Thomas, Julie, WWF UK (jthomas@wwf.org.uk).

Villette, Francoise, EC DG-Environment (Francoise.Villette@cec.eu.int).

Suzanne Wille, EC EuropeAid Co-operation Office (Susanne.Wille@cec.eu.int).

Annex 2: Tanzania CSP: Allocation of EC funds to the transport, macro support, and governance core areas

Transport: Tanzania CSP (116Million Euro)

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 will:

- Support backlog maintenance of rural roads (30Million Euro);
- Support backlog maintenance of paved roads (30Million Euro);
- Contribute to the road maintenance fund – TANROADS⁹ (30Million Euro); and
- Possibly finance the rehabilitation of the harbor road in Zanzibar (26Million Euro): this has not yet been determined (Ingelbrecht, personal communication, 2003).

Road maintenance will support in particular high priority corridors that have previously benefited from earlier EC support. A likely focus is the development and rehabilitation of the Central and Lake Circuit corridors/ the Dar es Salam-Mwanza and Mwanza Region Border-Nzega/Isaka roads.

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 (98.6Million Euro)

EC funding for macro support will be in line with the PRSP objectives and will support macroeconomic reforms and structural adjustments implemented since the mid 1990s. The bulk of macro support (94.6Million Euro) will be used to contribute to the Poverty Reduction Budget Facility (PRBSII) to which various donors (except for the World Bank and IMF) contribute¹⁰. Since the EC funds are transferred into the national treasury, tracking EC (vs. other donor) funding is not possible. EC funds will be disbursed on an annual basis for 3 years under this program to:

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

⁹ 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”.

¹⁰ 30% of the overall PRSP budget is supported by donors, while the remaining 70% is supported by domestic revenue.

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

An additional amount of 4 Million Euro will be allocated by the EC for Public Finance Management to support strengthened capacity in accounting, procurement and internal auditing and to improve production of economic statistics.

Governance: Tanzania CSP (31.9 Million Euro)

Approximately 17 Million Euro will be allocated by the EC to support a Capacity Building and Participatory Development programme. This programme will build 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 and the Public Service Reform. The EC country delegation is considering to allocate 5 Million Euro to either of the two programs. Another 1.5 Million Euro is being allocated to micro projects. It has not yet been decided what to do with the remaining 8.4 million Euro under "good governance". A candidate project may be a non-state actors project that plans to evaluate how non-state actors participated in developing the Tanzania CSP and how participation may in the future be strengthened (Paris-Ketting, personal communication, 2003).

Annex 3: Madagascar CSP: Allocation of EC funds to the transport, macro support, and rural development core areas.

Transport: Madagascar CSP (116Million Euro)

EC funding will be used to rehabilitate and maintain roads, particularly in southern Madagascar. More specifically, 9th EDF funds are being used for the development of the RN45 and for maintenance and reinforcement of the RNP2, RNP7, RNS12, and RNS25. This includes the development and rehabilitation of 1770 kilometres of national roads in the South (Thieulin, personal communication, 2003) and completion of roads previously funded under the 8th EDF. Road development and rehabilitation in especially the South – noted to have the poorest districts of Madagascar – is envisioned to open local and regional, markets (e.g., exports) and facilitate production (e.g., by lowering costs). In additional 9th EDF funds will be allocated to the Roads Maintenance Fund (FER). As with Tanzania, the EC has strongly supported the transport sector in Madagascar under previous EDFs (République de Madagascar et Communauté Européenné, 2001).

Macro support: Madagascar CSP (originally 60Million Euro, currently estimated at 70 Million Euro)

Due to the recent 2002 political crisis that paralysed the country for six months, 70Million Euro were recently used to support an emergency budget support fund. The emergency budget support funds were used to pay outstanding government payments (e.g., for private sector development), to support local and parliamentary elections, for emergency road repair (e.g., of bridges); and to finance other poverty related expenditures. The emergency budget support fund was financed by the 9th EDF macro support budget (55Million Euro) and remaining 8th EDF funds (15Million Euro).

The Government of Madagascar recently prepared a new 3 year macro support program that is soliciting an additional 70Million Euro of funding. The plan proposes to support the PRPS objectives (66.5 Million Euro), to namely:

- Support priority sectors identified in the PRSP: governance, economic development, and human/material security and social welfare (e.g., health, education, and water and sanitation).
- Continue to support macro economic reforms and structural adjustment programs implemented since the mid 1980's, including:
 - Privatisation: growth sectors include mining, textile industry, tourism, and fishing;
 - Liberalization: e.g., elimination of import restrictions and export taxes and development of free trade zones;
 - Government reforms: e.g., public sector reforms and local government reforms. (Republic of Madagascar, 2003)

EC funding to support the PRSP is transferred to the national treasury where the Government of Madagascar determines how exactly the money will be used. PRSP performance is monitored (annually) through a set of performance indicators. A remaining 3.5Million Euro has been requested to support capacity building initiatives.

At a total revised cost of 70Million Euro, macro support activities will be funded by: 5 Million Euro that remain in the 9th EDF macro support budget and 28Million Euros that will be used from the 9th EDF rural development budget. The remaining 35Million Euro will be solicited during the Mid-Term Review of the Madagascar CSP (Cornelis, personal communication, 2003).

Rural development and food security: Madagascar CSP (originally 60Million Euro, currently 32Million Euro)

Priorities for rural development and food security were refined after the 2002 political crisis. An amount of 18Million Euro will be allocated to 180 communes in the South, in which each commune will receive 100,000 Euro. Participatory approaches will be used so that communes themselves determine which rural development and food security initiatives to support: e.g., initiatives to improve agricultural production, extension services, irrigation, etc. The remaining 14Million Euro will likely be used to support inter-community/watershed initiatives. Inter-community initiatives still need to be determined: these may entail food security provision, improvements in extension services, improvements in water provision, and rural road development.

As noted in the previous section, due to the political crisis the original rural development budget was adjusted to 32Million Euro (since 28Million Euro was allocated to finance macro support – see above). It has been proposed that the 32Million Euro be used to support a three year rural development/food security program. 28Million Euro will be solicited during the Mid Term Review to support the 2nd phase of the rural development initiative (Bolly, personal communication, 2003).

Annex 4: Tanzania statistics – natural resources dependence and poverty

Source: United Republic of Tanzania, PRSP, 2000 (unless otherwise indicated)

Natural resource dependence of Tanzania's economy: statistics

Agriculture:

- The agricultural sector generates 60% of the country's GDP (United Republic of Tanzania and EC, 2000).
- Almost 61% of the rural population is engaged in subsistence agriculture (United Republic of Tanzania and EC, 2000).
- 80% of Tanzania's population relies on employment in the agricultural sector.

Tourism:

- Tourism accounts for 12% of Tanzania's total exports in 1990. Its share increased substantially to 38% in 1998 (Reed, 2001).
- Tourism earning rose from US\$27 million in 1986 to US\$570 million in 1998 (Reed, 2001).

Mining

- The mining sector contributed to 2.3% of Tanzania's GDP.
- Mineral exports are an important earner of foreign exchange, and grew 27% in 1999, a major increase from the previous year's 17% (OECD, 2002).
- Mines in Tanzania have been estimated to employ one million workers. In gold mining alone an estimated 350,000 people have been employed (National Environmental Research Institute, 2001; Reed, 2001).

Poverty in Tanzania: statistics

- Poverty incidence for Tanzania is estimated at 48%. More specifically in rural areas poverty incidence is estimated at 57%.
- Tanzania is one of the poorest countries in the world with a per capita GNP of \$270. Its Human Development Index has since 1992 declined from 126 to 156 (United Republic of Tanzania and EC, 2000).
- Poverty rates decreased during 1983-1991, but have subsequently risen during 1993-1998.
- Poverty in Tanzania is worse in rural (vs. urban) areas where incomes are lower and poverty more widespread.
- Less than 50% of the rural population in Tanzania has access to clean water.
- In 1999, infant mortality was estimated at 99 per 1,000 live births.
- The number of HIV/AIDS orphans is estimated at 680,000.

Annex 5: Madagascar statistics – natural resources dependence and poverty

Source: Republic of Madagascar, PRSP, 2003 (unless otherwise indicated)

Natural resource dependence of Madagascar's economy: statistics

Income:

- At least 50% of income in the Madagascar economy is directly dependent on natural resources.
- Nine out of ten jobs directly depend on natural resources.

Tourism:

- During the last decade, tourism has increased by 10% every year.
- Of 4.5% economic growth in Madagascar in the years 1999 and 2000, 13% was attributable due to expansion of the tourism sector.

Biodiversity:

- While Madagascar constitutes about 3% of the surface area of the African continent, it is home to 25% of all African plant varieties (République de Madagascar et Communauté Européenne, 2001).
- 80% of Madagascar's 100,000 vegetable species are endemic (Madagascar and EC, 2001).

Fishing:

- Between 1999 and 2000, export revenue from fisheries increased by 19.3% and government revenue increased by 29.5%.
- Of 4.5% economic growth in Madagascar in the years 1999 and 2000, 20% was attributable due to growth in the fishing sector.

Agriculture:

- While agriculture contributes substantially to Madagascar's GDP (e.g., 15.3% in 2001) its significance has been decreasing for several decades (e.g., in 1999, weight of agriculture in the GDP was 17.5%).
- 85% of the rural poor are involved in agricultural activities.
- Nearly 70% of the country's production is dominated by the growing of rice.

Forestry:

- The forestry sector has seen sustained growth, representing 9.8% of Madagascar's annual growth between 1997 and 2000.
- About 100,000 hectares of forests disappear annually. It is estimated that at such deforestation rates, forest cover will disappear in 25 years in Madagascar.
- Forest exports have increased 61% from 1995 to 1999 (République de Madagascar et Communauté Européenne, 2001).
- Deforestation loss and soil erosion in Madagascar have been estimated to represent an economic loss of between 5% to 15% of its GDP (République de Madagascar et Communauté Européenne, 2001).

Water

- 76% of Madagascans do not have access to drinking water, affecting especially 90% of the poorest quintile of the population (République de Madagascar et Communauté Européenne, 2001).

Poverty in Madagascar: statistics

- Incidence of poverty in 2001 was estimated at 69%.
- Slight improvement in poverty levels have occurred in Madagascar's urban areas.
- Poverty levels in rural areas are worse in Madagascar.