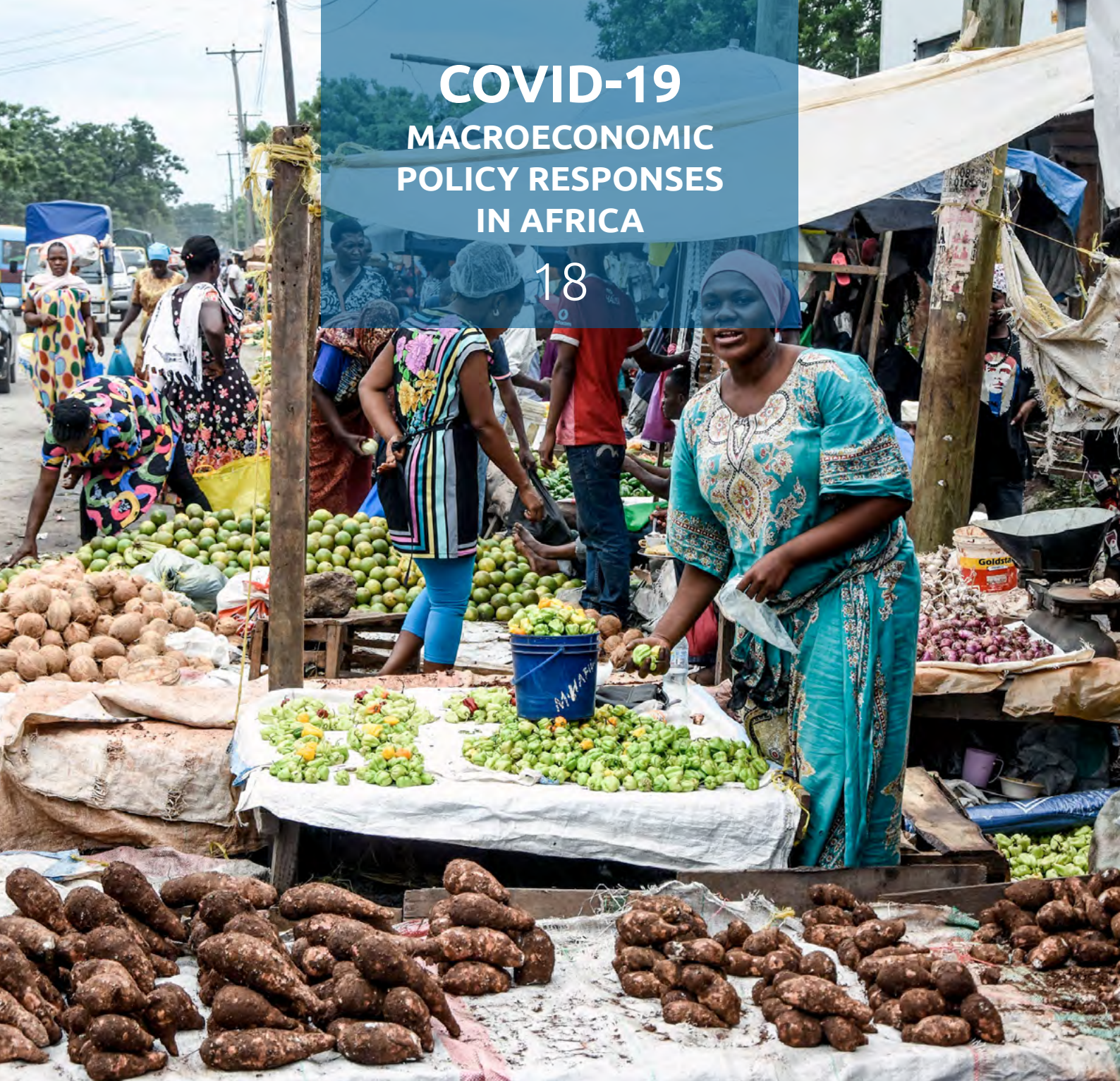


COVID-19 MACROECONOMIC POLICY RESPONSES IN AFRICA

18



Tanzania's post-COVID-19 recovery strategy and the NDC

Pius Yanda, Oswald Mashindano & Abel Songole

About CoMPRA

The COVID-19 Macroeconomic Policy Response in Africa (CoMPRA) project was developed following a call for rapid response policy research into the COVID-19 pandemic by the IDRC. The project's overall goal is to inform macroeconomic policy development in response to the COVID-19 pandemic by low and middle-income countries (LMICs) and development partners that results in more inclusive, climate-resilient, effective and gender-responsive measures through evidence-based research. This will help to mitigate COVID-19's social and economic impact, promote recovery from the pandemic in the short term and position LMICs in the longer term for a more climate-resilient, sustainable and stable future. The CoMPRA project will focus broadly on African countries and specifically on six countries (Benin, Senegal, Tanzania, Uganda, Nigeria and South Africa). SAIIA and CSEA, as the lead implementing partners for this project, also work with think tank partners in these countries.

Our Donor

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Executive summary

The current discourse on climate change and COVID-19 recovery underlines the need for an integrated response to the two issues. In Tanzania, the COVID-19 response has provided for interventions that will also enhance the country's resilience to climate change. There is thus space for cultivating partnerships that can facilitate building back better from the pandemic while addressing climate change. Exploring such opportunities and strengthening domestic, regional and international partnerships and collaboration are vital for the Tanzanian government. For instance, public-private partnerships (PPP) can be harnessed to deliver a green response

and help to close the climate and recovery financing gaps. Going forward, to promote recovery and growth that catalyse attainment of Tanzania's Nationally Determined Contribution (NDC), the government should promote innovative climate financing and improve incentives for private sector participation in climate projects. In addition, it should leverage investment complementarities of post-COVID recovery and NDC implementation, using monitoring verification and reporting (MRV) feedback in sector policies and climate change action in health through research and development. MRV refers to the multi-step process to measure and report on the effectiveness of interventions to inform policy and practice

Introduction

In Tanzania, the impacts of climate change and variability are already disrupting local livelihoods and economic growth. Projected climate futures forecast a precarious state of increased climate change effects and weather extremes. Such impacts will have devastating consequences for sectors such as agriculture, water, marine and coastal ecosystems, energy, health, infrastructure and human settlements. The COVID-19 pandemic has been an additional disruptor, reinforcing climatic risks and slowing the country's progress in achieving its development targets. Tanzania has taken part in global climate adaptation and mitigation efforts in pursuit of sustainable development and is party to the UN Framework Convention on Climate Change (UNFCCC).

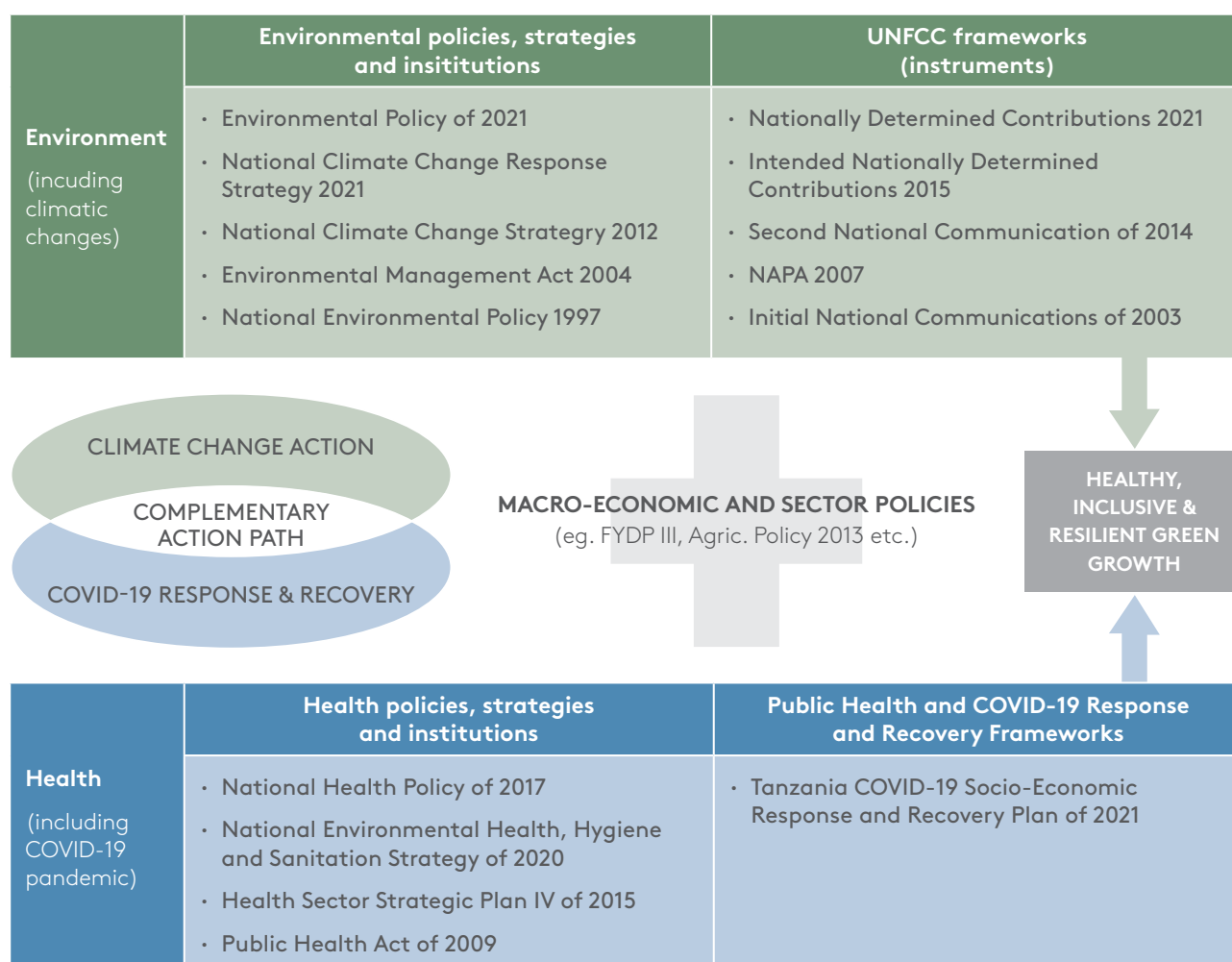
Tanzania submitted its updated NDC in July 2021, having submitted its first NDC in May 2018. Like many other nations, its obligations as set out in the NDC must now be implemented while it attempts to recover from the COVID-19 pandemic, which makes the rationalisation of investments in climate and recovery actions a challenge. The impacts of COVID-19 have been far-reaching and affect many sectors, including health, tourism and transport – all of which are also vulnerable to climate change. However, the successful implementation of NDCs would foster a green recovery from the pandemic, and the pursuit of a climate-friendly recovery would help enhance the country's resilience to climate change.

Since the Rio Convention on Climate Change, the urgent need to address climate and environmental changes has led to the creation of science-backed, actionable frameworks, including the NDCs. Such climate and environmental change actions are supposed to be reflected in countries' macro and sector development policies. However, global and national political-economy contexts around climate change action keep changing in the wake of mega-shifters such as geopolitics and the COVID-19 pandemic. COVID-19 shaped the climate change conversation at both the UN Sustainable Food Systems Summit and the 26th Conference of the Parties (COP26). In Tanzania, this has re-ignited the political will to pursue a green recovery, in

the recognition that climate change and COVID-19 are critical barriers to attaining the UN’s Sustainable Development Goals.

In Tanzania, climate and environmental issues are generally regarded as crosscutting matters in macro and sector policies. With the emergence of the pandemic and the subsequent development of the national COVID-19 socio-economic response and recovery plan, it has become necessary to strengthen climate change efforts by exploring and exploiting complementary investments in healthy, inclusive and resilient green growth. This policy insight assesses the climate sensitivity of Tanzania’s development policy and interventions in relation to the country’s climate commitments in the NDC. It also evaluates the climate friendliness of the COVID-19 response and recovery plans to underscore the investment nexus for green growth towards sustainable development.

Figure 1 Tanzania’s macro-economic and climate policy landscape



Source: Compiled by authors

Climate change in Tanzania's development framework

Tanzania's development aspirations are set out in the Tanzania Development Vision 2025. This vision is framed under the Long-Term Perspective Plan (LTPP), split into three five-year rolling plans – from 2011/2012 to 2025/2026.¹ The three Five-Year Development Plans (FYDPs) are the country's roadmap towards a fast-growing, industrialised and competitive economy. Tanzania is currently implementing FYDP III (2021/2022–2025/2026). All sector development policies, strategies, plans and actions must align with the FYDPs, which also frame Tanzania's climate change agenda.

Five Year Development Plan I (2011–2015)

In the FYDP I,² the climate change narrative reflects the influence of post-Rio discourse and the country's move to align with early UNFCCC processes – the initial communication of 2003 and the National Adaptation Programme of Action (NAPA) of 2007.³ It framed climate change in the context of sustainable development. Proposed interventions such as the adoption of climate-smart agriculture, expansion of irrigation land, land-use planning, investments in alternative energy technologies, dam construction and rehabilitation, and safety and security of vessels in Tanzania's waters reflected actions on climate change adaptation and mitigation to some degree. In this regard, the FYDP I underscored the essence of mainstreaming climate change issues in sector policies. Moreover, it also advanced the initiative to develop the National Climate Change Strategy of 2012, raise awareness of climate change

“In Tanzania, climate and environmental issues are generally regarded as crosscutting matters in macro and sector policies”

1 United Republic of Tanzania, Tanzania Long-Term Perspective Plan (LTPP) 2011/12–2025/26 (Dar es Salaam: United Republic of Tanzania, 2012).

2 United Republic of Tanzania, The Tanzania Five-Year Development Plan 2011/12–2015/16: Unleashing Tanzania's Latent Growth Potentials (Dar es Salaam: United Republic of Tanzania, 2011).

3 United Republic of Tanzania, National Adaptation Programme of Action (NAPA) (Dar es Salaam: United Republic of Tanzania, 2007).

and mobilise global climate adaptation finance, including establishing of National Climate Finance Fund and emphasising the urgency of adaptation investments.

Five Year Development Plan II (2016–2020)

In the five years following the adoption of the FYDP I, the climate change narrative expanded appreciably, as reflected in the FYDP II.⁴ Although a lot of attention in this period was on industrialisation, some strategies were put in place to safeguard natural resources. These included increasing the percentage of gross domestic product (GDP) coming from the sustainable use of forest, marine and water resources; increasing the amount of energy coming from renewable sources; increasing the amount of forest cover; reducing the level of charcoal consumption in urban areas; and increasing the number of projects complying with environmental impact assessments and social and environment assessments. Other proposed interventions included sustainable water- and land-use management (to increase agriculture’s resilience to climate change), drilling boreholes and practising Integrated Water Resources Management (IWRM). The FYDP II thus did more to increase the integration of climate change action (both adaptation and mitigation) than its predecessor.

Five Year Development Plan III (2021–2025)

The launch of the FYDP III⁵ coincided with the emergence of COVID-19 and two major climate and sustainability conferences – the UN Food Systems Summit and COP26. These three events played a big role in constructing the climate change narrative in the FYDP III, which commits to the Paris Agreement through updated NDCs. The domestic political-economy context in 2020 and 2021, when the FYDP III and NDCs were being developed, also seems to have shaped the actions envisioned in two documents. In 2019 Tanzania attained lower-middle-income status but quickly slid back to the low-income category owing to the impact of COVID-19. This shaped the nature of development interventions in sectors such as energy, industry, transportation, infrastructure and water, as the political drive to get the country back to middle-income status pushed public mega-investments such as the construction of the 1 219km Standard Gauge Railway and the 2 115MW Julius Nyerere Hydropower Station. The FYDP III also proposes an array of climate-smart actions, such as promoting renewable energy and climate-smart agriculture.

All three FYDPs view climate change action as a financing opportunity for the country’s climate-related development projects. The plans recognise the importance of enhancing institutional

4 United Republic of Tanzania, *National Five-Year Development Plan 2016/17–2020/21: Nurturing Industrialisation for Economic Transformation and Human Development* (Dar es Salaam: United Republic of Tanzania, 2016).

5 United Republic of Tanzania, *National Five-Year Development Plan 2021/22–2025/26: Realising Competitiveness and Industrialisation for Human Development* (Dodoma: United Republic of Tanzania, 2021).

capacity to prepare bankable projects that will attract funding. To achieve this, the establishment of a National Climate Change Financing Mechanism was proposed. To ensure the smooth implementation of the FYDP III, the plan advocates strengthening the institutional framework by identifying and mitigating risks posed by natural disasters such as earthquakes and risks related to climate change (eg, floods, droughts and disease outbreaks). Nonetheless, there are practical challenges to the attainment of the milestones envisioned in the FYDPs. These include difficulties in coordinating and aligning climate targets and policies, ensuring inclusive and effective stakeholder engagement, furthering knowledge on NDCs and financing NDC implementation.⁶

“All three FYDPs view climate change action as a financing opportunity for the country’s climate-related development projects”

Mainstreaming the NDC in the COVID-19 response

The Tanzania COVID-19 Socio-Economic Response and Recovery Plan (TCRP) of 2021 is the country’s blueprint for responding to and recovering from the pandemic.⁷ The TCRP is a short-term plan and recovery roadmap towards a resilient economy and therefore addresses the impacts of the pandemic while tackling climate issues. Sector strategies in the TCRP have linkages to the NDC, thus creating opportunities for mainstreaming it into the sector recovery efforts. These sectors include agriculture, health, tourism, water and social protection.

“Sector strategies in the TCRP have linkages to the NDC, thus creating opportunities for mainstreaming it into the sector recovery efforts”

Agriculture

Agriculture is an important sector in Tanzania’s economy, contributing about a quarter of overall GDP, 30% of export

⁶ Policy Forum, *Tanzania Civil Society Report on the Sustainable Development Goals* (Dar es Salaam: United Republic of Tanzania, 2019).

⁷ United Republic of Tanzania, *Tanzania COVID-19 Socio-economic Response and Recovery Plan (TCRP)* (Dodoma: United Republic of Tanzania, 2021).

earnings, over 90% of all domestic food requirements and 65% of raw materials for domestic agro-industries, as well as employing over 65% of the workforce. However, Tanzania's agriculture is mainly rainfed and therefore sensitive to climatic and environmental changes. National food production is projected to decrease by 8–13% (from the 2022 production figure of 16 891 974 tons) by 2050 owing to climate-related heat stress, resurgence of crop pests and diseases, soil erosion and flood damage, as well as post-harvest losses. Under the business-as-usual scenario, the loss of agricultural GDP from climate change impacts over the coming five decades (to the early 2070s) is estimated at \$27 billion.⁸

In the NDC, the proposed adaptation strategy for the agriculture sector includes:

- improving agricultural land and water resource management;
- placing more emphasis on climate-smart agriculture;
- promoting access to crop insurance and similar mechanisms for smallholder farmers;
- strengthening research and development; and
- strengthening knowledge systems, extension services and agriculture infrastructure.

These strategies are reflected in the country's NAPAs and are in line with the sector's interventions for upgrading productivity and fostering climate resilience. Climate-smart interventions such as using drip irrigation, applying modern technologies in the postharvest chain and integrating water resources management are promoted by both state and non-state actors and implemented by local communities.

In the TRCP, the recovery strategy for agriculture mainly focuses on smallholder farmers by providing them with subsidised fertiliser in the face of fertiliser price increases induced by the pandemic. This promotes efficient land use, as it is estimated that Tanzania uses fertiliser at an average of 16kg/ha of arable land, which is far below the AU's Abuja target of 50kg/ha. Sustainable use of fertiliser in terms of both appropriate type and application rate can improve productivity as an adaptation and resilience strategy. However, unsustainable fertiliser use further degrades soil health, pollutes surface and ground-water resources, and pollutes the atmosphere with methane and nitrous oxide.⁹

⁸ United Republic of Tanzania, *National Climate Change Response Strategy 2021–2026* (Dodoma: United Republic of Tanzania, 2021).

⁹ Giuliana Viglione, "Q&A: What Does the World's Reliance on Fertilisers Mean for Climate Change?", Carbon Brief, July 11, 2022.

Health sector

Research has demonstrated a clear link between public health and climate change. The distribution and dynamics of vector-borne diseases such as malaria, dengue fever, yellow fever, Rift Valley fever and trypanosomiasis are altered by changing climate and weather patterns. It is predicted that for a 1°C increase in temperature, the initial relative risk of cholera increases by 15–29%. The estimated total cost of cholera attributable to climate change is 0.32–1.4% of Tanzania’s GDP in 2030.¹⁰ Temperature rise in traditionally cooler highlands is expected to increase the risk of malaria, which in 2021 accounted for 16.7% of all reported deaths in the country. Building resilience in the health sector will require action in other sectors such as agriculture, water and infrastructure.¹¹

Health-related adaptation measures taken in Tanzania include fostering climate resilience in public healthcare, improving surveillance and early warning systems of climate-sensitive diseases, and conducting vulnerability and risk assessments of the impacts of climate change on human health. As climate change leads to new and re-emerging patterns of cholera, malaria and dengue, key interventions in the health sector include:

- strengthening nutrition for vulnerable groups, particularly in disaster situations; and
- promoting food safety during production, handling, distribution, storage and preparation.

Prediction and early detection of weather and climate events, such as floods and drought, may help to target interventions to ensure adequate food supply among vulnerable groups.

Working towards the implementation of interventions, various research institutions within the Ministry of Health are conducting research on the relationship between health and climate change.¹² The NDC emphasises the need to thoroughly address the effects of climate change on health through adaptation.¹³ However, current health management systems lack the mechanisms needed to track climate-related human diseases. Furthermore, neither climate nor weather forecasts currently inform public health preparedness and response.

The health-related COVID response strategy in the TCRP advocates strengthened epidemiological surveillance, which is in line with the NDC’s proposal for a climate-sensitive early warning system

10 Tanzania, *National Climate Change Response Strategy*.

11 World Health Organization, *Climate Change and Health Vulnerability and Adaptation Assessment* (Geneva: WHO, 2021).

12 For example, the Ifakara Health Institute is conducting a project entitled “Determining the Effectiveness of Water, Sanitation, and Health (WASH) Interventions to Reduce Health Vulnerability in Tanzania”.

13 United Republic of Tanzania, Ministry of Health, Community Development, Gender, Elderly and Children, *Health National Adaptation Plan (HNAP) to Climate Change in Tanzania 2018–2023* (Dar es Salaam: United Republic of Tanzania, 2018).

in the health sector. The COVID-19 response in the TCRP also creates the opportunity to advance the water and sanitation strategies in the NDC. Even before the outbreak of the COVID-19 pandemic, access to potable water was not widely guaranteed. In response to the pandemic, the Tanzanian government plans to scale up provision of safe and clean water to communities through investments in infrastructure and access points in rural and urban areas, as well as by constructing water kiosks in public areas. The initiative contributes to the delivery of the NDC's target of improving access to clean and safe water for all by 2030. In 2020, 68% and 86%, respectively, of rural and urban areas had clean and safe water. The government aims to provide clean and safe water for all by 2025/26, according to the FYDP III.

Tourism sector

Tourism is an important economic sector in Tanzania, generating \$2.6 billion in 2019 and providing about 623 000 jobs.¹⁴ In Zanzibar the tourism sector creates about 15 000 direct and 50 000 indirect jobs and contributes about 30% of GDP. The sector is characterised mainly by nature-based attractions, including wildlife, biodiversity, and freshwater and marine resources – all of which are climate sensitive. In the NDC, Tanzania is committed to promoting sustainable tourism to curb the degradation of waters and marine habitats, loss of biodiversity, sea pollution and over-exploitation of marine resources.¹⁵ Options for reducing carbon footprints within the tourism sector include moderating water consumption and procuring clean, sustainable energy sources. Sustainable waste management is also critical, as hotels and restaurants account for 80% of municipal waste in Zanzibar.¹⁶

The TCRP recognises the commitment in the NDC to develop a sustainable and diversified tourism sector that demonstrates robust growth and climate resilience. It proposes financial support to help the sector develop new products and diversify away from wildlife-based tourism (on which the sector is over-reliant), as it is climate-sensitive. One new proposed strategy is 'beaches, meetings, incentives, conferences and events' (BMICE)¹⁷ tourism, which promotes cultural tourism, as advocated in the NDC. The BMICE project also enforces climate-smart building standards and codes.

14 World Bank, "Tanzania Economic Update: How to Transform Tourism into a More Sustainable, Resilient and Inclusive Sector", 2021.

15 Revolutionary Government of Zanzibar, Zanzibar Planning Commission, *The Blue Economy* (Zanzibar: United Republic of Tanzania, 2020).

16 Revolutionary Government of Zanzibar, *The Blue Economy*.

17 A concept in tourism sector that goes beyond leisure by including business and activities organised around beaches.

Water sector

Water resources are critical for productive and service sectors such as agriculture, energy, industry, wildlife, tourism and health. Water is also vital to the functioning of various ecosystems. The water sector is sensitive to climatic change, and Tanzania's disaster risk profile is characterised by floods and droughts as a result of varying climatic conditions. Water stress is particularly high in rural areas, where water availability is at around 68%, compared to 86% in urban areas. Other pressures on water resources are pollution, over-abstraction and encroachment on catchments for various land uses.¹⁸

NDC-related adaptation measures in the water sector include:

- promotion of climate-smart IWRM and sustainable wastewater management,
- investment in water supply technologies and infrastructure for improved sanitation and hygiene,
- sustainable exploitation and management of ground water resources; and
- management of trans-boundary water resources.

Tanzania has implemented several interventions in the water sector, including the Water Resources Integration Development Initiative, funded by the US Agency for International Development. This project is aimed at improving the management of water resources and sanitation, creating livelihoods in water and sanitation services and promoting resilient communities.¹⁹

Social protection

Social protection aims at safeguarding the livelihoods of the most vulnerable, who have been severely affected by the pandemic. The government provides support to these groups through the Tanzania Social Action Fund, which has almost 300 000 beneficiaries countrywide. Yet climate risks and COVID-19 are major sources of vulnerability among poor rural families engaged in climate-sensitive agriculture. The impacts of COVID-19 have deepened the abject poverty of already vulnerable families and increased their vulnerability to other risks such as climate

18 Tanzania, *National Climate Change Response Strategy; United Republic of Tanzania, National Environmental Policy, 2021* (Dodoma: United Republic of Tanzania, 2021).

19 UN Development Programme, "[UNDP Supports Cyclone-Affected Families with Resilient Housing and Community Infrastructure](#)", December 17, 2019.

change.²⁰ Social protection contributes to risk management, particularly through disaster risk reduction, which is an important aspect of the NDC. Social protection interventions in the TCRP include conditional cash transfers, cash payment for community labour programmes and supported income-generating activities.

Financing COVID-19 recovery and the NDC

The initial budget for COVID-19 recovery amounted to \$109 million.²¹ However, this budget was inadequate to address the socio-economic effects of COVID-19. A proposal for additional funding was prepared as part of the TCRP to mobilise additional resources amounting to \$1.56 billion to finance pandemic response and recovery actions. Out of this additional funding, \$571 million was sought from the Rapid Credit Facility (RCF) window of the International Monetary Fund (IMF) and the remaining \$996 million is meant to come from development partners.²² The government further applied for \$36 million from the African Development Fund to finance the health sector.

The IMF funding was received in 2021 (\$567.3 million), of which \$189.1 million is a grant through the RCF window and the remaining \$378.2 million a concessional loan through the Rapid Financing Instrument. If the distribution of the funds remained as per the TCRP's proposal, financing across the sectors was as presented in Table 1, with the health sector accounting for the largest share of RCF funding.²³

Table 1 Expected breakdown of RCF COVID-19 financing

Expenditure sector	% share in the plan	Expected amount (\$ million)
Health	36.4	206.5
Education	10.3	58.4
Tourism	9.5	53.9
Water	9.1	51.6
Social protection	5.7	32.3
Empowerment of women, youth & disabled	5.5	31.2
Coordination and administration	6.0	34.0
Zanzibar	17.5	99.3
Total	100.0	567.3

Source: Compiled by authors based on data from United Republic of Tanzania, *Tanzania COVID-19 Socio-economic Response and Recovery Plan (TCRP)* (Dodoma: United Republic of Tanzania, 2021)

20 United Republic of Tanzania, *Nationally Determined Contribution* (Dodoma: Vice President's Office, 2021).

21 African Development Bank, "Tanzania: African Development Fund Approves \$50.7m Covid-19 Crisis Response Budget Support", Press Release, October 19, 2020.

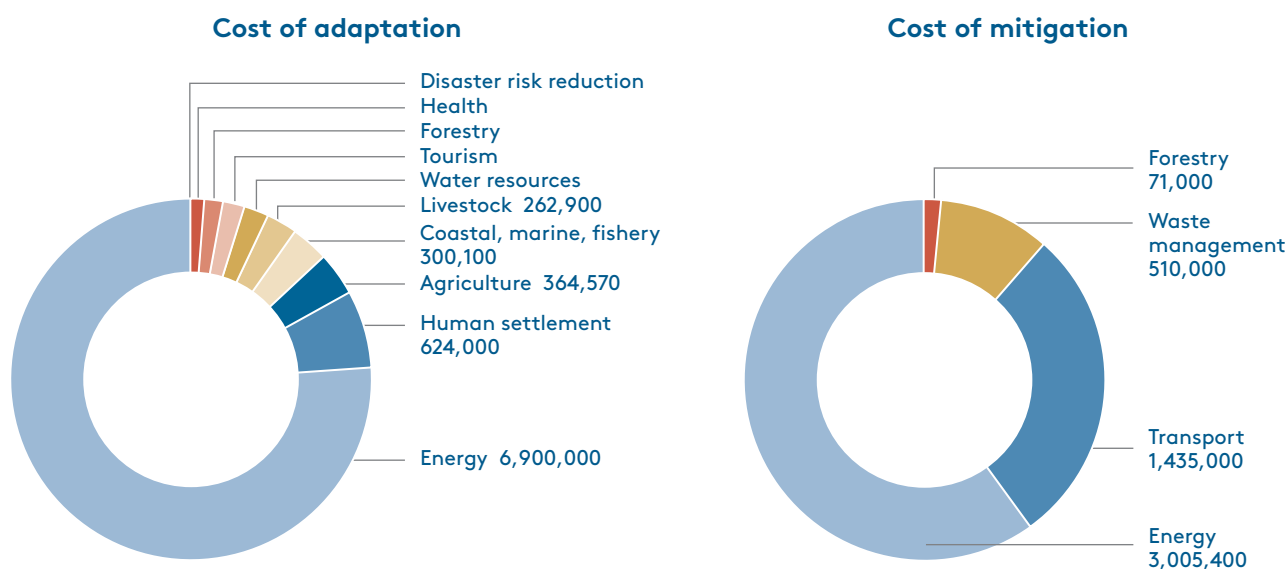
22 Tanzania, *Tanzania COVID-19 Socio-economic Response*.

23 The request singled out Zanzibar because the government requested the funds in the name of United Republic of Tanzania, of which Zanzibar is an integral part.

It follows that where action synergies exist without any implied incremental budget allocation, there is a complementary investment potential in pandemic recovery and NDCs. This includes, for example, a total of about \$312 million already available through the RCF for pandemic recovery in the health, tourism and water sectors. Moreover, complementarity in financing is possible in closely linked actions such as social protection and disaster risk reduction. Demonstrating such financing synergies could appeal to financiers interested in supporting both the pandemic recovery and NDC implementation.

As for the NDC, given its massive resource requirement, its delivery is largely a function of how well the blueprint is financed. The cost of implementing the NDC is estimated at \$14.2 billion, with adaptation costs accounting for 65% of the budget.²⁴ A total of 70% of the budget (\$9.9 billion) is allocated to the energy sector (Figure 2), whose entire adaptation budget is dedicated to the sustainable management of hydro energy, the promotion of energy plantation and the development of community off- and mini-grids. Actions associated with oil and gas utilisation – liquefied petroleum gas and natural gas – account for about 56% of the NDC’s mitigation budget (\$1.7 billion). The size of the budget allocation to energy development underscores the importance of the sector in sustainable development.

Figure 2 Cost of NDC adaptation and mitigation components in major sectors (\$ '000)

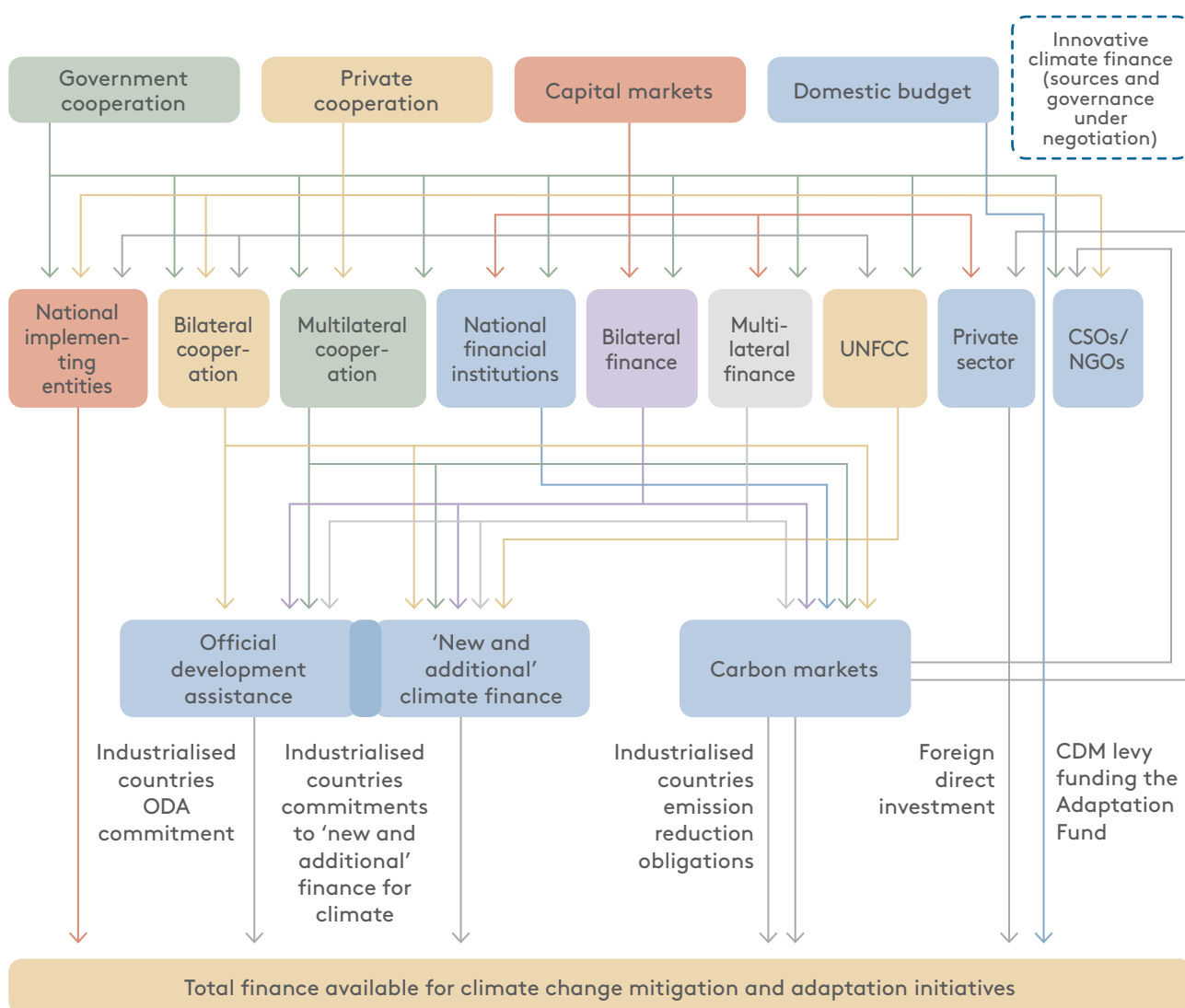


Source: Compiled by authors based on data from United Republic of Tanzania, *Implementation Plan for the Nationally Determined Contribution* (Dodoma: United Republic of Tanzania, 2021)

24 United Republic of Tanzania, *Implementation Plan for the Nationally Determined Contribution* (Dodoma: United Republic of Tanzania, 2021).

Financing the NDC will require the international community's support. The FYDP III estimates that 96% of the financing needed to implement the NDC will be sourced from development partners. It is likely that there are no internal financing mechanisms for the NDC. However, while the budget for the NDC's implementation lays out existing climate financing options, it does not indicate the absolute distribution by sources (Figure 2). The financing framework is anchored on four sources: development partners, the private sector, capital markets and the domestic budget. Since much of the climate financing is meant to be mobilised from competitive external sources, successful bids will depend on the country's ability to develop competitive, results-based and fundable proposals. However, government institutions have limited capacity to develop such proposals. In this regard, it is vital to forge partnerships with the private sector and national and regional climate think tanks, and to strengthen South-South and North-South collaborations.

Figure 3 NDC's climate change finance framework



Source: Compiled by authors based on data from United Republic of Tanzania, *Implementation Plan for the Nationally Determined Contribution* (Dodoma: United Republic of Tanzania, 2021)

Promoting post-COVID green recovery and growth

The COVID-19 pandemic has profoundly affected the Tanzanian economy, but this does provide an opportunity to realise the country's climate objectives by pursuing a green recovery path. The impact of the pandemic on climate-sensitive sectors such as agriculture, transportation, energy and tourism highlights the interlinkages between economic prosperity and climate change action. However, climate financing constraints, coupled with low capacity for and lack of proper mainstreaming of climate change in other sectors, stand in the way of achieving Tanzania's climate change objectives as articulated in the NDC. These constraints can be ameliorated by pursuing the following measures.

Promoting innovative climate financing

The global climate finance ecosystem is complex and not very effective in directing financing to where it is needed the most. The high-risk profiles of green projects in developing countries, coupled with low incentives, make it difficult to find private financing. This necessitates the development and pursuit of innovative financing that can be exploited to promote climate goals in the pursuit of green recovery and growth. In Tanzania, one example of such an approach is the Green Climate Fund (GCF) and CRDB Bank's joint-financing of the Tanzania Agriculture Climate Adaptation Technology Deployment Programme (TACATDP).²⁵

Private sector access to global climate finance is important for Tanzania's green recovery efforts but, as with most developing countries, this needs to be better exploited. The CRDB Bank's TACATDP proposal, its first bid to the GCF, is

“Private sector access to global climate finance is important for Tanzania's green recovery efforts but, as with most developing countries, this needs to be better exploited”

25 CRDB Bank, *Tanzania Agriculture Climate Adaptation Technology Deployment Programme (TACATDP): GCF Funding Proposal* (Dar es Salaam: United Republic of Tanzania, 2021).

a model that should be replicated by other players. In this bid, worth \$200 million, the bank contributes its own capital of \$100 million to finance the adaptation credit line. The remaining GCF funding of \$100 million consists of additional adaptation credit (\$70 million), a technical assistance grant (\$10 million), an adaptation credit guarantee scheme for smallholder farmers and agri-SMEs (\$10 million) and an agricultural insurance pilot (\$10 million). The participation of private financial institutions allows blended climate finance involving private and international sources.

Innovative climate financing can also be used for riskier ventures such as those targeting smallholder farmers engaged in uninsured rain-fed agriculture, which cannot be backed purely by financial returns on investment in the corporate business sense. In Tanzania, only 3% of rural farming households have access to formal credit. In order to unlock private financing from commercial banks, de-risking the smallholder farming sector is vital. In the case of the TACATDP, de-risking comes from the GCF's funding mix, with grant and concessional funding features. Credit guarantees and micro-insurance are other means of de-risking agriculture in the programme's climate financing scheme.

“Innovative climate financing can also be used for riskier ventures such as those targeting smallholder farmers engaged in uninsured rain-fed agriculture”

Ensuring improved incentives for private sector participation

Given the limited engagement of the private sector in green recovery and growth projects, the government should guarantee incentive structures and risk-transfer arrangements through PPPs. This would leverage the effective participation of the private sector in financing the NDC, particularly in projects with substantive 'public goods'.

Leveraging complementarities in post-COVID recovery and NDC investments

Complementary investment needs between COVID-19 recovery and NDC actions should be exploited to optimise pathways for inclusive green growth towards sustainable development. This will ensure that COVID-19 recovery is used to promote actions outlined in the NDC, thereby optimising the use of the limited resources available for both recovery and climate change. In the same spirit, integration and coordination of climate change adaptation, disaster risk reduction and social protection must be enhanced to foster resilience among the most vulnerable. This will enhance complementarity between climate change resilience and protection of the most economically vulnerable populations.

Using MRV feedback in sector policies

The establishment of the National Carbon Monitoring Centre (NCCM) to monitor GHG emissions is a major milestone in the Tanzanian government's pursuit of sustainable growth. However, once fully functional this facility should not be used just for reporting and record-keeping purposes. Sectoral emission trend and trajectory calculations by the NCCM must inform sectoral development policies to ensure that their development paths remain on a green trajectory. Therefore, as sectoral policies get updated, policymakers must be made aware of the emissions data and ensure that these are incorporated in sector policies. This means that the effective dissemination of the data generated by the NCCM will be important.

“Sectoral emission trend and trajectory calculations by the NCCM must inform sectoral development policies to ensure that their development paths remain on a green trajectory”

Mainstreaming climate change in health through research and development

The COVID-19 pandemic demonstrated that climate change is interlinked with health and all other sectors. It is imperative

to develop a full understanding of such interlinkages in order to minimise the aggravating effects of climate change during health crises, as well as crises in other sectors. Improved public health surveillance systems and response capacities to outbreaks of climate-sensitive diseases are essential and expanded knowledge in this regard needs to be pursued. Research and development in climate change and the health agenda must be advanced through government-initiated efforts in collaboration with stakeholders in the climate and health sectors so as to identify appropriate interventions.

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SAIIA is an independent, non-government think tank whose key strategic objectives are to make effective input into public policy, and to encourage wider and more informed debate on international affairs, with particular emphasis on African issues and concerns.

Cover image: Dar es Salaam, 2020: Tanzania's agricultural sector is vulnerable to the effects of climate change. Climate change issues need to be mainstreamed in sector politics (Ericky Boniphace/AFP via Getty Images)