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POLICY BRIEF 2

**Climate Financing for Sustainable Water Resources
Management in Tanzania; A call to action for water-
intensive sectors and regulatory authorities**

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Executive summary

Tanzania faces increasing climate change impacts, including droughts, floods, rising sea levels, and saltwater intrusion, threatening key economic sectors such as agriculture, water, fisheries, and industry. Despite policy efforts, limited understanding of climate finance allocation and utilization hinders effective planning and implementation of climate-resilient water management practices.

A recent analysis examined budget allocations and climate resilience mainstreaming in water-intensive sectors, selected district authorities, and communities. The findings reveal a general increase in government funding for these sectors, but with minimal dedicated climate finance. While agriculture has integrated climate resilience into some policies, other sectors, especially industry, lack clear climate finance mechanisms. The absence of a structured climate finance framework complicates tracking, allocation, and monitoring.

Local governments struggle with funding climate actions due to reliance on central government transfers and limited internal revenue sources. Development partners contribute significantly to climate-related funding, but there is no standardized framework for integrating these funds into national strategies. Additionally, gender-responsive budgeting is not systematically included in climate finance planning, limiting efforts to address the unique vulnerabilities of women and marginalized groups.

Key recommendations include increasing climate finance allocations in water-intensive sectors, establishing a national climate finance policy, decentralizing climate finance planning, integrating climate resilience into all sector policies, improving tracking and transparency, and promoting gender-responsive budgeting. Strengthening governance mechanisms and ensuring the effective use of domestic and international climate finance will be crucial for

achieving sustainable water security in Tanzania

Introduction

Tanzania is highly vulnerable to climate change, experiencing increased droughts, changing precipitation patterns, floods, rising sea levels, and saltwater intrusion. These impacts threaten key economic sectors, including agriculture, water resources, fisheries, livestock, health, energy, infrastructure, biodiversity, and ecosystem services. Without urgent action, climate change will significantly hinder Tanzania's economic growth, sustainable development, and poverty reduction efforts (URT 2021).

To address these challenges, Tanzania has adopted several policies and strategies, including the National Environment Policy (2021), the Environmental Management Act (CAP 191), the National Adaptation Programme of Action (NAPA), the National Climate Change Response Strategy (2021), the Nationally Determined Contribution (NDC, 2021), the Zanzibar Climate Change Strategy (2014), and the National Environment Master Plan for Strategic Interventions (2022-2032).

Despite these efforts, limited understanding of climate finance allocation and utilization in water-intensive sectors (water, agriculture, and industry) hinders effective planning, implementation, and monitoring of climate-resilient water management practices.

To address this gap, an analysis was conducted to assess how well plans and budgets in selected sectors, two district authorities, a basin water board, and four villages integrate gender-responsive and climate-resilient water resource management.

The analysis made use of a mixed methodologies which enabled an identification of existing practices within the water, agriculture and industries sectors in terms of the extent and levels of mainstreaming climate resilience in financial budgets and in different

plans guiding activities implementation within sector.

This policy brief presents key findings and recommendations from the analysis to enhance climate resilience and gender responsiveness in water resource management.

Key Findings

Overall Government Budget for Water Intensive Sectors

Between the 2019/2020 and 2023/2024 financial years, government budget allocations for water-intensive sectors have shown an overall increasing trend. The Ministry of Agriculture has experienced a steady rise in funding, while the Ministries of Water and Industry have seen fluctuations, with periods of both increases and decreases. Over this period, a total of 1.04 trillion Tanzanian shillings was allocated to the agriculture sector. Meanwhile, 2.71 trillion Tanzanian shillings was approved for development in the water sector, and billion Tanzanian shillings was allocated for development in the industrial sector.

Figure 1 indicates the trend of development budget allocation in the 3 water intensive sectors for the last five financial years (2019/202-2023/24).

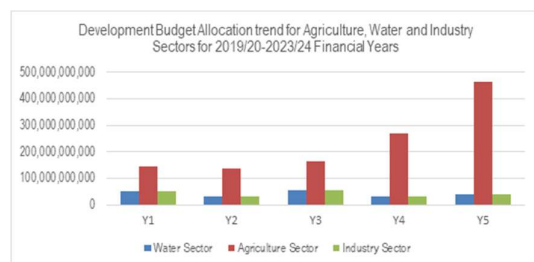


Figure 1 Water Intensive Sectors Development Budget Allocation in the General Government Budget 2019/20-2023-24

Limited Sector finance allocation on climate resilience

Despite Tanzania's vulnerability to climate change, budget allocations for climate resilience in water-intensive sectors remain low. Most allocated funds in the water and agriculture sectors have little direct relevance to climate resilience, while the industrial sector lacks clear climate finance allocations. Local government authorities, reliant on central government transfers, face additional constraints in prioritizing climate action due to limited internal revenue sources (WBG, 2019)

Gaps in Sector climate finance mainstreaming

- The agriculture sector has integrated climate resilience into key strategies (e.g., National Climate Smart Agriculture Guideline, 2017; ASDP II), but the industrial sector lacks explicit climate finance mechanisms.
- There is no clear framework for tracking climate finance in government budgets and reports. Climate finance must be identified through financial flow tracking and funding initiatives.
- The primary entry point for climate finance integration is through sector-specific climate response plans, but the absence of a structured coding system and a national climate finance framework limits effective allocation and tracking.

Districts specific action and budget for sector climate resilience

Kilosa and Mvomero districts, like many others in Tanzania, have limited own-source revenue for climate action. Their strategic and sectoral plans do not explicitly address climate resilience in water intensive sectors including water, agriculture, and industry, despite being prone to floods, land and water disputes between livestock keepers and smallholder farmers. However, some sectoral plans contain climate-compatible actions, such as Kilosa's Forestry Reserve Conservation Strategic Plan.

Institutional and Policy Landscape

Tanzania lacks a standalone climate finance policy, relying instead on fragmented policies across ministries. Climate governance remains highly centralized, limiting the ability of local government authorities (LGAs) to prioritize climate resilience investments. While several national policies address climate change impacts, climate finance is not systematically integrated into sectoral plans. Existing legal frameworks, including the Environmental Management Act (2004) and other sector-specific laws, do not explicitly mandate climate finance mechanisms.

Inconsistent Financing from Development Partners

Development partners contribute significantly to Tanzania's development budget (e.g., 42.9% of water sector funding and 21.6% of agriculture sector funding in 2023/24). However, there is no clear framework for integrating external climate finance into national strategies, making tracking and coordination difficult.

Gender Considerations

Gender-responsive budgeting is not systematically integrated into climate finance planning, limiting the effectiveness of interventions in addressing the unique vulnerabilities of women and marginalized groups.

Policy Recommendations

Enhance Climate Finance Allocation

- i. Increase budgetary allocations for climate resilience in water, agriculture, and industry sectors.
- ii. Develop clear climate finance tracking and reporting mechanisms across ministries.

Strengthen Climate Finance Governance

- i. Establish a national climate finance policy/guideline to guide resource mobilization, allocation, and monitoring.
- ii. Decentralize climate finance planning to LGAs, ensuring that local climate action plans are adequately funded.

Improve Integration of Climate Resilience in Sector Plans

- i. Embed climate resilience in all sectoral policies, particularly industry and water.
- ii. Ensure that the Ministry of Finance issues clear climate finance guidelines to all sectors.

Leverage Development Partner Support Effectively

- i. Develop a harmonized framework for integrating external climate finance into national budgets.
- ii. Enhance transparency and accountability in climate finance tracking.

Conclusion

To build a climate-resilient and gender-responsive water management system, Tanzania must increase climate finance allocations, improve governance mechanisms, and integrate climate resilience into all sectoral policies. Strengthening institutional capacities and ensuring effective use of both domestic and international climate finance will be key to achieving sustainable water security for all.

References

URT. 2021. "Nationally Determined Contribution."