Tanzania National Climate Change Finance Analysis

By

Authors: Pius Yanda, Deograsias Mushi, Abdallah Issa Henku, Faustin Maganga, Honesty Minde, Nico Malik, Adolphine Kateka, Neil Bird and Helen Tilley

Abstract

Climate change is a new area of public policy that is expected will have a significant impact on national economic development and directly on people's lives and livelihoods. However, at present there is limited understanding of what the cost of responding to climate change will be. An important starting point is to identify the financial resources that are currently being spent by government to fund climate change-related activities. This can provide an indication of how far the national response to climate change has evolved. Looking forward, the expected rapid growth of this expenditure will raise governance and management challenges for implementing agencies, which should be considered in the design and execution of national climate change programmes. At the international level, the UNFCCC intends to reach an agreement that will avoid the most dangerous impacts of global warming. An important component of the international response is to provide new and additional finance to support actions carried out within the world's vulnerable countries. This is recognised in the goal set by the international community to raise USD 100 billion per year by 2020. International support is already forthcoming to assist countries such as Tanzania prepare for and respond to climate change, but this source of funding raises questions of sustainability and how such support should be channelled into national systems. There is also the question of how to prioritise spending of finite financial resources. Budgetary allocations are never sufficient to meet all public spending needs, making a consideration of the strength of the systems that manage climate change-relevant expenditures important. Measuring the effectiveness of public spending on climate change actions is fraught with difficulties, due to the definitional ambiguity of such actions (Burton, 2004), the complexity of public funding flows, and a lack of clarity on what effectiveness actually means. There are a number of further challenges to be faced: there is generally limited information on actual expenditures (as opposed to budget estimates); the national budget classification can act as a barrier to the interpretation of climate change actions; and a significant amount of international funding does not pass through the national budget. So, at present the Tanzanian Government and the international community do not have good ways of measuring public flows of climate finance, nor of promoting effective practice in the allocation of public funds to climate change-related actions. This study aims to address both of these constraints, by identifying relevant public expenditure and measuring the effectiveness of such spending against an explicit assessment framework.

Keyword: Climate change