



Jumuiko la Maliasili Tanzania
Tanzania Natural Resource Forum

Using the Nation's Resources to Reduce Poverty?

*Analysis of MKUKUTA Outcomes (2005-2009) Related to Forest and Wildlife Resources
as a Contribution to the MKUKUTA Review*

Tanzania Natural Resource Forum

October 2009

1.0: Overview

Tanzania is a resource-rich nation, but throughout the country's history its natural resource wealth has not translated into economic well-being for more than a small minority. The MKUKUTA, as the nation's overarching economic policy and poverty reduction strategy for the past five years, recognizes the centrality of natural resource management and good governance for attaining more effective development policies..

The MKUKUTA highlights the significance of natural resource management to poverty reduction and economic growth efforts in Tanzania. MKUKUTA emphasizes improving the linkages between macro-economic drivers of growth such as tourism and mining, and rural livelihoods at the micro-level. MKUKUTA also emphasizes the importance of sound, accountable, and transparent governance of public resources as the foundation of a healthy and growing economy that spreads benefits throughout the population. The MKUKUTA has a number of important targets and strategies relating to improving local community benefits and income from natural resources as a way of implementing these general principles.

This brief provides a summary analysis of some of the key target areas and how policy and management decisions made by government have or have not supported MKUKUTA's objectives. TNRF believes that this analysis is an important input in crafting the next MKUKUTA. It is also useful when developing more effective mechanisms for implementation of government policies such as MKUKUTA and in coordinating sectoral efforts.

2.0: Natural Resource Governance and Poverty Reduction in Tanzania

A range of recent findings highlight the importance of natural resources to Tanzania's economy and to local livelihoods. In a country where over 70% of people still live in rural areas and 80% of people depend on agriculture and natural resources for their livelihoods, patterns of natural resource use are critical to the economy at all scales. At the same time, nearly 44% of the country's land area is governed by some form of conservation regulation, which has a bearing on the way people utilize and manage the resources on the land.

A recent World Bank study (2008), drawing on a range of more specific sectoral studies, highlights the importance of forestry, wildlife, fisheries, and mining to the economy and the role of governance factors in structuring resource benefit flows. Specifically, the study makes the following key points:

- Tourism is a key macro-economic sector, accounting for US\$1 billion in revenues and 200,000 jobs; tourism is underpinned by wildlife and marine resources;
- The per capita value of informal forest uses amounts to between US\$25 and US\$50 in rural areas, providing in particular over 90% of energy supplies, 75% of building supplies, and 100% of traditional medicines;
- Lake fisheries generated revenues of over US\$100 million in 2003;
- Informal local resource uses, if properly captured in economic statistics, would amount to an additional US\$100 per capita per annum in Gross National Income, in a country where GNI per capita is US\$350.

At present, the status of most natural resources- particularly wildlife populations, forest cover, and lake and coastal fisheries- are in a state of decline, representing the loss of the natural capital that Tanzania's long-term economic prosperity depends on. The reasons for this depletion include consumptive and demographic pressures, but are fundamentally driven by institutional arrangements that do not create sufficient local incentives for sustainable use. Instead these arrangements encourage short-term, open access consumption while discouraging investments in conservation.

Weaknesses in local rights and tenure over lands and resources, which reduce local incentives to conserve natural resources, are a major governance issue. This is recognized in government policies seeking to address these issues, yet while resolving issues of governance has long been recognized as a key to national and local level economic development, implementation of measures that address these governance issues remains a challenge. As a result, governance issues remain at the centre of the ability of the next poverty reduction strategy to effectively achieve better impacts in the realm of poverty reduction and economic growth.

3.0: Evaluating the Impact of MKUKUTA (2005-2009)

3.1: MKUKUTA Objectives and Targets

MKUKUTA placed a strong general emphasis on improving macro-micro linkages in the economy and on improving governance with respect to local empowerment, participation

in decision making, and transparent use of public resources. MKUKUTA emphasizes the importance of sustainable use and management of natural resources and the importance of protecting the environment; on improving local benefits and participation through community-based natural resource management; and on sound and transparent governance.

The Mkukuta targets on the environment relevant to this brief's focus on wildlife and forest resources are as follows:

Cluster 1: Growth and reduction of income poverty

- Target 1. Reduced negative impacts on the environment and people's livelihoods
- Target 2. Reduced land degradation and loss of biodiversity
- Target 3. Increased contributions to incomes of rural communities from wildlife, forestry and fisheries

Cluster 2: Improvement of quality of life and social well-being

- Target 13. Reduced vulnerability to environmental disasters
- Target 14. Soil, forest and aquatic ecosystems that people depend on for production and reproduction conserved
- Target 15. Reduction in land degradation and loss of biodiversity

Specifically, MKUKUTA contains the following strategies and objectives related to natural resource management:

- **Promote transparent trade in natural resources** (forestry, fisheries, wildlife, agriculture) based on sustainable use principles, and promote measures to eliminate illegal trade in natural resources (Cluster strategy 1.1.8);
- **Pursue policies that attract public and private investments** in agriculture (including livestock) and natural resources, promote diversification to non-farm activities (Cluster strategy 4.3.1);
- **To increase contributions from wildlife, forestry, and fisheries to incomes of rural communities**, as an operational target under the general goal of reducing income poverty in rural areas. This target has the following specific cluster strategies:
 - **Develop programmes for increasing local control and earnings in wildlife management areas**, and establish locally managed natural resource funds, tapping on local traditional knowledge;
 - **Scale up Participatory Forest Management in all districts**, as a mechanism for increasing income of rural communities from natural resource management;
 - **Harmonize natural resource sectors policies and strategies and remove any conflicts in laws and regulations**. Improve land conservation measures, and community-based and environmentally sound natural resource management.
- **Natural resources and other ecosystems that people depend upon for production and reproduction conserved** (Operational target 3.12);

3.2: MKUKUTA Implementation

A review of the natural resource policy measures taken during the past five years demonstrates that a range of key trends and government actions have not been supportive of the objectives and targets detailed in MKUKUTA. This brief focuses on two sectors where TNRF has a strong base of knowledge and experience: wildlife and forestry. In both of these sectors key policy issues are evident that casts into doubt the relevance of MKUKUTA as an overarching economic policy strategy.

The MUKUTA targets are broad and may be difficult to monitor and evaluate. The instrument charged with mainstreaming the environment into the poverty reduction processes is the Environmental Management Act of 2004 through the EMA Implementation Support Program (ISP, 2007- 2012) in the Vice President's Office. However, with a 34 billion Tshs deficit on the 40.7 billion Tshs EMA-ISP budget (VPO, 2008) the likelihood of achieving any meaningful implementation is limited. The lack of support is problematic as EMA-ISP is a key instruments for MKUKUTA implementation and monitoring.

3.2.1: Forestry

MKUKUTA expresses its aim to increase contributions from the forestry sector to local communities, to diversify non-farm income from forests, to promote public and private investment, to prevent illegal trade, to conserve forests, and to scale up Participatory Forest Management (PFM) in all districts in order to increase local communities' income.

Progress has been made during the past five years in a number of these areas. It is generally considered that government efforts to improve law enforcement have reduced the illegal timber trade, which by 2003 was estimated to account for over 95% of all timber trade in Tanzania and to be costing the government lost revenue of up to US\$58 million annually (Milledge et al., 2007).

PFM has been scaled up slightly, with the area under Joint Forest Management (co-managed areas between local communities and either district or national government) and Community-based Forest Management (Village Land Forest Reserves on village lands under the management of village governments) expanding from approximately 3 million hectares in 2006 to 4.1 million hectares as of 2008 (FBD, 2008). PFM now is operational in 63 districts across the country. It has been documented by a wide range of studies that PFM has enabled the recovery of areas of degraded forest and woodland. PFM is therefore clearly contributing to the aim of MKUKUTA to improve the sustainable management and conservation of the nation's resources.

Although PFM has continued to expand and contribute to forest recoveries, PFM has not contributed to significant increases in local incomes from forests. Although villages that establish Village Land Forest Reserves are entitled to harvest species in their forests according to locally-developed management plans and by-laws, and to keep 100% of the

revenue according to the Forest Act, very few communities are harvesting and selling timber as an income-generating opportunity. Some communities, such as the nine villages comprising Suledo Village Land Forest Reserve, have been attempting for several years to obtain approval from national and district authorities to proceed with timber sales according to local plans, but bureaucratic delays and vested interests at district level have prevented them, leading to increasing local frustration.

In joint forest management (JFM) arrangements, forests are on government lands and revenues must be shared between government and local communities vested with delegated management responsibilities. The process to develop JFM benefit-sharing guidelines was initiated over three years ago, but these guidelines still have not been released. As a result, community income from JFM activities is virtually non-existent and local incentives to participate in JFM are often weak.

So, although PFM, including JFM, does contribute to local livelihoods by providing many valuable products and ecosystem services (e.g. water), these participatory management arrangements have not contributed sufficiently to local incomes from commercial activities. Much timber trade continues to occur illegally, while communities wishing to engage in legal sale of timber products from sustainably managed forests are prevented from doing so by enduring conflicts of interest.

3.2.2: Wildlife

As with forestry, the MKUKUTA calls for increasing local incomes from wildlife, preventing illegal trade in wildlife products, supporting conservation, and “increasing local control and earnings in wildlife management areas” (WMAs).

Progress has been recorded in some areas. The number of WMAs that have been gazetted around the country has increased substantially since 2005, with 10 WMAs gazetted by 2008, and some revenue is being passed back to these WMAs from the Wildlife Division. Overall revenue from wildlife and tourism has increased substantially at the national or macro-economic level, and commercial investment at this macro-level has increased from a range of private sources, both foreign and domestic. The tourism industry is now worth over US\$1 billion annually.

Despite progress in some areas, a range of major policy and legislative decisions have been made which are counter to the objectives of MKUKUTA to improve local benefits from wildlife and to strengthen macro-micro linkages in the economy. The wildlife sector continues to expand direct control over lands and tourism revenues, to reduce economic opportunities for many local communities, and to be plagued with governance issues and lack of transparency.

Some issues of concern are:

- Although WMAs have expanded in number and extent, it is not clear how effectively WMAs are contributing to local incomes.

- Seven years after the WMA regulations were released in 2002, the formula for sharing revenues in WMAs is still not clearly stated by the government.
- Communities which are receiving revenues in WMAs do not know what these revenues are based on.
- Hunting blocks continue to exist in WMAs with no control by the communities living in these areas.
- No formal regulatory changes have been instituted in place to increase local control of WMAs as advocated by MKUKUTA.

In 2008, the government introduced a major new Wildlife Act (Wildlife Conservation Act of 2008) to replace and update the 1974 Wildlife Conservation Act. This act was passed by Parliament in early 2009 after active debate and several major consultative hearings facilitated by the Parliamentary Committee on the Environment.

However, despite wide consultation, the content of this act is not favourable to increasing local income from wildlife or local participation in wildlife management, or to promoting good governance of natural resources. The act also will likely increase conflicts between local communities and the government, as have recently occurred in Loliondo, over the tenure and management of land and resources where wildlife is found.

In particular, the act focuses on increasing the area of land and the authority over the land under the jurisdiction of the Wildlife Division. It gives the Director of Wildlife authority to prohibit all farming and livestock grazing in Game Controlled Areas. This may directly impact the livelihoods of hundreds of thousands of Tanzanian citizens living in these Game Controlled Areas if safeguards are not carefully followed, because Game Controlled Areas and village lands overlap in most parts of the country. The act is likely to increase conflicts over land rights and land tenure, and is contrary to the MKUKUTA objective to harmonize sectoral laws in order to reduce conflicts.

Conflicts will also arise between this legislation and the MKUKUTA's objectives to support pastoralism as a sustainable livelihood and to increase the contribution of livestock husbandry to the national economy. Since the vast majority of the country's livestock are owned by pastoralists, measures which undermine local land tenure and production systems in pastoralist areas will reduce livestock production potential and trade opportunities.

The new wildlife act also fails to improve governance in the way tourist hunting concessions are allocated and administered. It maintains allocation of hunting concessions under the current system of discretionary allocation by the Wildlife Division, although this system has been widely criticized by Parliament, the media, and civil society organizations as encouraging corruption, mismanagement, and loss of earnings to the nation. The act could have put a range of safeguards in place to support principles of good governance in the wildlife sector, but it has not done this.

Another policy measure enacted during the past five years are regulations produced by the Ministry of Natural Resources and Tourism for governing non-consumptive tourism

outside national parks. These regulations have been subject of lively debate among policy-makers, local communities, and NGOs because they effectively re-centralize revenues that tourism companies pay for carrying out activities on village lands. The result is that money which was previously paid directly to villages through local level agreements is now paid to the Wildlife Division. This has reduced village income from tourism in some areas, causing a great deal of local discontent with regards to government policy for tourism and wildlife because of the lost revenue. These regulations are clearly contrary to the spirit and intent of MKUKUTA to increase local opportunities to earn income from natural resources.

4.0: Conclusion

Although Tanzania is a resource-rich nation, key policy and legislative decisions made since MKUKUTA was adopted have not supported the objective of using natural resources to reduce poverty in rural areas. For resources such as wildlife, rural areas effectively continue to subsidize national agencies and private investors by bearing the costs of living with wildlife without receiving a significant share of economic benefits. In the forestry sector, while PFM continues to expand it has become clear that there are major blockages, largely revolving around governance issues, which prevent local communities from benefiting from forest products trade. These weaknesses in natural resource governance work to undermine the core objectives of MKUKUTA to improve good governance and strengthen macro-micro linkages. The lack of progress in strengthening these linkages contributes to the relatively limited reductions in rates of rural poverty that have been achieved in the country as documented by the last Household Budget Survey.

For the next MKUKUTA or Poverty Reduction Strategy to be more effective in terms of the implementation of its targets and objectives, more effective mechanisms need to be applied to ensure implementation and coordination. These measures will need to ensure that sectoral laws, policies and strategies do not include provisions which will undermine MKUKUTA's aims and targets. Without more effective coordination, monitoring and implementation measures, poverty reduction targets are unlikely to be met, no matter how valid the strategies and objectives which are put in place.

References and Further Information

Forestry and Beekeeping Division. (2008) *Participatory Forest Management in Tanzania: Facts and Figures*, Ministry of Natural Resources and Tourism, Dar es Salaam, Tanzania

Milledge, S.A.H., Gelvas, I.K. and Ahrends, A. (2007) *Forestry, Governance and National Development: Lessons Learned from a Logging Boom in Southern Tanzania*, TRAFFIC East/Southern Africa/Tanzania Development Partners Group/Ministry of Natural Resources and Tourism, Dar es Salaam, Tanzania

TNRF (Tanzania Natural Resource Forum). (2008) *Wildlife for all Tanzanians: Stopping the Loss, Nurturing the Resource and Widening the Benefits. An Information Pack and Policy Recommendations*. TNRF, Arusha, Tanzania

United Republic of Tanzania. (2008) *State of the Environment Report*, Vice Presidents Office

United Republic of Tanzania. (2005) *National Strategy for Growth and Reduction of Poverty ('MKUKUTA')*, Vice President's Office

World Bank. (2008) *Putting Tanzania's Hidden Economy to Work: Reform, Management and Protection of its Natural Resource Sector*, The World Bank, Washington, D.C.