

PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE

Report No.: PIDA124664

Project Name	Tanzania: Resilient Natural Resource Management for Tourism and Growth (P150523)
Region	AFRICA
Country	Tanzania
Financing Instrument	Investment Project Financing
Project ID	P150523
Borrower(s)	United Republic of Tanzania
Implementing Agency	Ministry of Natural Resources and Tourism
Environmental Category	B-Partial Assessment
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Appraisal Review Decision (from Decision Note)	
Other Decision	

I. Project Context

Country Context

The United Republic of Tanzania has had a robust macroeconomic performance in the past 10 to 15 years, with GDP growing annually at an average of 6.5 percent. GDP per capita (current US\$) increased from US\$308 in 2000 to US\$ 865 in 2015. Tanzania has a set of assets that provide unique economic opportunities compared to many other African countries: as a coastal economy bordering eight countries, six of which are completely or partially land-locked, the country has a strong advantage in terms of its location to be a regional hub; it is endowed with rich and diverse natural resources, both renewable and non-renewable, providing the basis for current and future economic development and people's livelihood; and it has enjoyed decades of socio-political stability, with significantly shorter conflicts than any other East African country.

Despite strong economic performance, 12 million people live below the poverty line, especially in rural areas. Tanzania hosts one of the largest poor populations in Africa. The poverty rate has declined from 34 percent in 2007 to 28 percent in 2012, while rural poverty declined from 39 percent to 33 percent. Economic growth has been primarily driven by non-labor intensive sectors with only a limited impact on job creation, whilst the country's population is rapidly growing (over 53 million in 2015, projected to increase to 74 million by 2030).

Tanzania's economy depends, to a significant degree, on its rich natural resources-base. The tourism industry, largely biodiversity and wildlife-based, generated \$4.3 billion in revenues in 2013, or 10 percent of GDP, and is the main contributor to foreign currency; agriculture consumes around 89

percent of the country's water withdrawals, and accounts for 23 percent of GDP; 90 percent of the energy needs are satisfied by hydropower and wood fuels. The majority of the population lives in rural areas (around 70 percent), and depends on natural resources for their livelihoods in the form of food, fuel, and fodder. In order to maintain economic growth and make it more inclusive, strong management and stewardship of natural resources is paramount, given the interlinkages between natural resources, livelihoods and poverty.

The Government of Tanzania (GoT), in its Second Five Year Development Plan (FYDP II) , has identified the Tourism industry as a robust source of growth. In just over a decade, annual tourist numbers have more than doubled from about 500,000 in 2000 to over 1,137,182 international visitors in 2015 – mostly attracted by Tanzania's unparalleled wildlife resources. The country has been very successful in attracting higher expending tourists, resulting in the highest revenue/tourist ratio in Sub-Saharan Africa (double, for example, than Kenya). The sector generates the bulk of export revenues for the country, represents a reliable and resilient source of revenue to the government, and provides well-remunerated direct employment to over 400,000 people. According to the World Travel & Tourism Council, tourism's total contribution to GDP in Tanzania between 2015 and 2025 is expected to be 6.6 percent per year, while the growth rate of its contribution to employment for said period will be 2.7 percent per year.

Increased economic activity, population growth and climate change are exacerbating competition for water resources, threatening ecosystems and ecosystem services. Demand for water is growing faster than available supply, with conflicts becoming increasingly common as a result. Climate change is compounding these challenges, with changes in precipitation seasonality and variability. Land and water, both of which are necessary enablers for a natural resources-based economy, are becoming more scarce, impacting the development of sectors such as agriculture, tourism and power production, jeopardizing the delivery of ecosystem services. Progress has been made in planning for improved catchment management, however, tested models for resolving such competing demands at the local level do not exist.

Sectoral and Institutional Context

Tanzania's rich and diverse natural resources, especially wildlife, are the basis for tourism development. About a third of the country's total area is under protection, one of the world's highest ratios. Tanzania's 16 national parks and 17 game reserves, in addition to three marine parks, 15 marine reserves, and multiple forest reserves, are host to world renowned biodiversity, wildlife, and unique ecosystems, constituting a prime global tourism destination. The Ministry of Natural Resources and Tourism (MNRT) including the Tanzania National Parks Authority (TANAPA) and the recently created Tanzania Wildlife Authority (TAWA), is responsible for the management of the country's Protected Areas (PAs) and the promotion of tourism. Both TANAPA and TAWA are parastatal agencies, funded through revenue generated by the PAs, and tasked with their sustainable management.

The country's most visited tourism destinations, however, are showing signs of overstress and carrying capacity limitations. Tourism remains heavily concentrated along the Northern Circuit, around the Serengeti, Ngorongoro Crater, and Mount Kilimanjaro, where hotels and the majority of tourist offerings are located. The most visited protected area in the north – Ngorongoro Conservation Area – received roughly ten times the number of tourists of the most visited in the South – Mikumi National Park. Pressures on the carrying capacity of key ecosystems such as the Greater Serengeti, have led to concerns that future expansion of visitors in some of Tanzania's key attractions may undermine the quality of the tourism experience, and be at odds with the low-volume high-value proposition. If the new administration were to carry out its intention to double the number of tourist arrivals, and if this increased activity continues to be focused in the North, the effects could be counter-productive, with a degraded environment which will no longer attract high level tourism but instead impacts the wildlife. As highlighted in a recent World Bank study, there is a need to diversify the tourism product without

diminishing its revenue potential, with a growth model that does not compromise the natural asset base, key for attracting visitors.

The so-called Southern Circuit is the chosen location for tourism expansion and diversification. The GoT is keen to develop new tourism products to expand the sector, while maintaining the low-volume high-value approach that has been successful in capturing the highest per capita revenue in the region. There is thus a need to balance the focus on the Northern Circuit with developing the Southern Circuit, which includes a number of national parks (i.e., the Katavi, Kitulo, Mahale, Udzungwa, Mikumi and Ruaha National Parks), game reserves (Selous being the largest), two rift valley lakes (Nyasa and Tanganyika), and other areas of cultural interest. A study commissioned by the GoT highlighted that specifically the Mikumi National Park (MINAPA), Ruaha National Park (RUNAPA), Udzungwa National Park (UMNP), and Selous Game Reserve (SGR), have the highest, most immediate potential for boosting tourism in the South, increasing jobs and creating spill-over effects. The four are large and unique: RUNAPA encompasses 13,000 km², representing the largest National Park in East Africa. SGR is Africa's largest Game Reserve and a UNESCO World Heritage Site, it extends over 44,000 km². MINAPA and UMNP cover an area of 3,230 km² and 1,990 km², respectively. Combined, they cover over 62,000 km² (for reference, Switzerland covers 41,285 km²). These four areas (RUNAPA, MINAPA, UMNP and SGR) have been selected as priority for REGROW (Resilient Natural Resources Management for Tourism and Growth, the project), and are hereafter referred to as priority PAs. For the specific case of SGR, the project will be implemented solely in the photographic tourism area (Matambwe sector, as defined in SGR's current General Management Plan).

The Southern Circuit is facing a number of challenges. Limited infrastructure, environmental degradation, wildlife poaching, and anthropogenic pressures, coupled with weak capacity to manage these vast areas, are threatening the health of ecosystems and hampering the tourism experience. Some of these areas have historically received less attention and resources for conservation, given the focus on the Northern Circuit. The four priority PAs together cover a large extension of land (approx. 62,000km²), whereas MNRT's capacity to effectively manage them, and address complex issues such as human-wildlife conflict, wildlife poaching, water trade-offs, and research and maintenance of the PAs, is limited by human and financial constraints. Developing the Southern Circuit will therefore not only require significant investments in infrastructure to boost the incipient tourism, but also strengthening the management of the PAs to significantly increase conservation efforts and protection of wildlife.

The subsistence of RUNAPA together with the viability of the hydropower dams downstream the park, is threatened. Poor land use and watershed management practices leading to degradation of forests and watercourses are widespread. Particularly, the expansion of formal and informal irrigation and associated encroachment of the Usangu Plains upstream of RUNAPA, has been threatening the watershed's ecosystem services, and has subsequently reduced the once-perennial Great Ruaha River to a seasonal watercourse. Water trade-offs upstream of RUNAPA, which can be considered as a sample of what will happen in other basins in the medium-term (for example, in Pangani or in Kilombero), require multi-sectoral, multi-disciplinary solutions instead of traditional sector approaches led by a single line ministry.

Integrated planning and management of natural resources across users at the watershed, landscape and ecosystem levels is limited and needs strengthening. Responding to this challenge requires strong cross-sectoral coordination and action, involving a combination of measures, acceptable from a social, economic, and environmental perspective. Improved watershed management, including promoting sound landscape and conservation practices, is needed to ensure the long-term productivity of key basins, from activities targeted towards protection of sources and land in the higher parts of the catchments - where plenty of water points are located - to improved agriculture techniques, efficiency gains, improved drainage and others in the medium and low parts of the catchment, where the water is used.

Climate change represents an additional important risk for Tanzania's natural resource-based growth.

Tanzania is already experiencing changes in its climate, and precipitation is increasingly unpredictable, with studies showing a shift in the onset of the rainy season(s). Changes in timing and quantity of rainfall are predicted by models, and water security, which is already under threat from current climate variability and social, economic and environmental change, is likely to be under greater threat. These patterns will have multi-dimensional effects on the Tanzanian economy, affecting agricultural productivity, energy use, water dynamics, and the wildlife upon which tourism depends. Efforts to promote climate resilience in these key natural asset-based sectors will have important longer-term effects on food security and livelihoods. For the specific case of RUNAPA, most of the wet season flows are being captured by irrigation, which is the main cause for the seasonal dry-up of the Great Ruaha River. However, as precipitation becomes more erratic, and extreme events such as droughts become more intense, anthropogenic pressures on the Park's resources will only increase. There is thus an even greater need to implement concerted, multi-sectoral solutions in the basin area that meet the needs of all users.

Finally, while the tourism sector has grown rapidly, it has not created enough jobs for citizens: even around the most visited areas, poverty is prevalent, indicating that strong linkages with, and improved benefit-sharing instruments for, local communities need to be reinforced. While in other African countries (such as Namibia, Mozambique and parts of Kenya), tourism is providing an important source of revenue and employment to local communities. A recently completed World Bank study in Kenya showed that the safari segment of tourism not only generates greater economic growth than each of the other forms of tourism, but would do more to address poverty problems and create rural economic opportunities. Safari tourism, alone or in combination with other forms of tourism, generates the highest GDP, with a plethora of indirect effects, especially on agriculture as the last ring of a well-developed domestic value chain. It also generates significantly greater household income and is also considerably more pro-poor than any of the other forms of tourism as a consequence of its closer linkages with the rural economy. Tanzania's current policies have not been as effective in this regard. The interactions between PAs and populations around them are weak - and sometimes, conflicting - and the revenues and other benefits that are being generated by the PAs are not sufficiently shared with adjacent communities. Despite the establishment of Wildlife Management Areas (WMAs) and other benefit-sharing programs (such as TANAPA's SCIP) to provide communities with economic benefits and involve them in wildlife management, community-based conservation remains weak - linkages with the local economy need to be strengthened and more inclusive policies and incentives need to be developed. Sustainable and successful tourism development would need to rely on stronger connections with local economies through training and job creation, supply chain development, and other forms of benefit sharing. There is an opportunity in the Southern Circuit to build and pilot new financial relationships between investors – public and private – and communities. A conservation-friendly tourism industry can contribute to addressing persistent poverty and support natural resources protection, as park revenue can flow directly back into conservation, and the multiplier effect of tourism spending can grow the local economy.

II. Proposed Development Objective(s)

The Project Development Objective (PDO) is to improve management of natural resources and tourism assets in priority areas of southern Tanzania, and to increase access to alternative livelihood activities for targeted communities

III. Project Description

Component Name

1. Strengthen capacity for management and development of priority Protected Areas

Comments (optional)

The objective of Component 1 is to improve the management and sustainability of natural resources

inside the four priority PAs in Southern Tanzania. This will be achieved through policy and regulatory support, capacity / skills development activities and investments.

Component Name

2. Strengthen access to alternative livelihood activities for targeted communities in proximity to the priority Protected Areas

Comments (optional)

The overall objective of this component is to provide access to improved economic opportunities within selected communities living in the proximity of the priority PAs in order to enhance livelihoods, reduce vulnerability to climate shocks, and reduce pressure on natural resources and wildlife. By focusing on enhancing partnerships between PAs and communities, the project will be anchored around improved policy and governance frameworks, productive initiatives linking improved livelihoods with tourism, conservation of wildlife and landscapes, and a strong focus on community and Local Government Authority's (LGA) education and training.

Component Name

3. Strengthen capacity for landscape management in and upstream of the Ruaha National Park

Comments (optional)

The overall objective for Component 3 is to protect RUNAPA's water resources within the social and climatic context of the area. These resources are critical for the subsistence and preservation of wildlife and ecosystems, and for continued and expanded tourism in Tanzania's Southern Circuit.

Component Name

4. Project management, institutional strengthening, and monitoring and evaluation

Comments (optional)

This component will support the implementation of the project, facilitating the technical management and coordination of the project, and the fiduciary aspects of it.

IV. Financing (in USD Million)

Total Project Cost:	150.00	Total Bank Financing:	150.00
Financing Gap:	0.00		
Financing Source			Amount
International Development Association (IDA)			150.00
Total			150.00

V. Implementation

The REGROW project is a multisector initiative, targeting protection of natural resources, tourism product and market development, water resources management, livelihoods and poverty alleviation. As such, a number of institutions have been involved during project preparation. For implementation purposes, the REGROW project will be implemented through two main agencies - MNRT and TANAPA -, and a number of implementing partners (TAWA, TAWIRI, TTB, TFS, NIRC, RBWB, MALF).

The implementation of the project will follow existing government structures within ministries, agencies, regional secretariats and LGAs, and community institutions. The leading implementing agencies will be MNRT and TANAPA. All activities taking place inside the priority PAs will be implemented by TANAPA (for RUNAPA, MINAPA and UMNP) and TAWA (for SGR). Tourism

marketing and promotion will be led by TTB. Wildlife research will be conducted by TAWIRI. NIRC will coordinate farmer field schools and irrigation improvements under Component 3, with significant involvement from MALF, whereas RBWB will complement NIRC with activities related to water allocation, and upstream management of catchment areas. TFS will be involved whenever subprojects are implemented in forested areas.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04	X	
Forests OP/BP 4.36	X	
Pest Management OP 4.09	X	
Physical Cultural Resources OP/BP 4.11	X	
Indigenous Peoples OP/BP 4.10		X
Involuntary Resettlement OP/BP 4.12	X	
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

VII. Contact point

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