Insights on Subnational Climate Finance in Tanzania

Authors: Gabriela Alberola, Wangui Kagumba, Ruth Carlitz, Tendai E. Kasinganeti, Lusekelo Kasongwa, Oluwatosin Olowookere, and Tessa Tutschka

Background and Purpose

In August 2025, ClimateFiGS and Mzumbe University brought together experts and practitioners in Dar es Salaam, Tanzania, for a climate finance co-design workshop. Participants discussed topics related to the quality, quantity, and effectiveness of climate finance, as well as the extent to which it aligns with the needs of its intended beneficiaries. The workshop featured five roundtables focused on different aspects of climate finance. **This brief summarizes the insights from the session on subnational climate finance**, which brought together 14 participants.

The aim of this brief is to present key themes and insights from the discussion and to highlight the most pressing research areas identified. We hope it can help guide researchers, policymakers, and other stakeholders toward areas where attention and contributions are most needed.

The Tanzanian Context

Since 2000, international contributors have committed USD 8.75 billion in climate-related development finance to Tanzania, with slightly more funding pledged for adaptation than mitigation (Fig. 1). The largest providers have been the World Bank, France, and European Union institutions, and the largest projects include rural electrification, road improvement, and social safety nets. Agriculture, energy, and infrastructure are the top areas funded, reflecting both the country's climate vulnerabilities and economic development goals.

While international climate finance is relatively well documented through UNFCCC[1] reporting, the distribution of climate finance within the country, whether from international or domestic sources, has not been systematically tracked. As a result, much remains to be understood about how climate finance is allocated subnationally, the factors shaping these patterns, and how tracking could be improved.

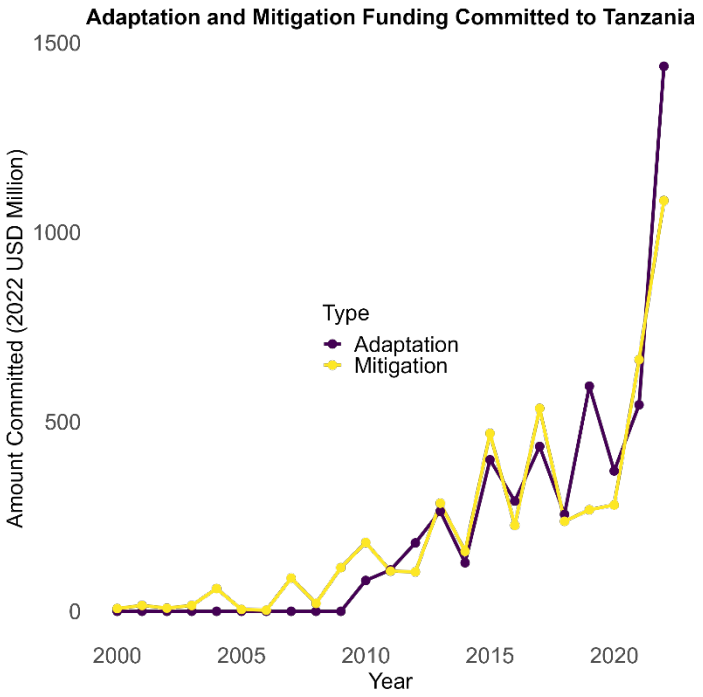

Figure 1: *Adaptation and mitigation funding committed to Tanzania (in 2022 USD Million). Data source: OECD Climate-related Development Finance Database, 2025.*

[1] The United Nations Framework Convention on Climate Change (UNFCCC) is an international treaty aimed at coordinating countries' efforts to limit dangerous human interference with the climate system.

The roundtable discussions centered on three broad themes regarding subnational climate finance in Tanzania: current allocation patterns, the criteria for determining where funds should be directed, and the political and institutional dynamics that influence allocation decisions. The sections below outline the main insights that emerged from each theme.

> "Local governments, though on the frontline of climate risk, have very limited access to climate finance."

Current Allocation Patterns

Like many countries, Tanzania does not have a comprehensive system to track climate finance at the subnational level. Until recently, the absence of a dedicated budget code for climate-related spending meant that such expenditures could only be estimated through manual coding of relevant projects in the national budget. In the 2023/2024 budget year, the Ministry of Finance introduced a new budget code, Objective X, to identify climate-relevant spending. Although roundtable participants described this as a promising step, the new code is still in the early stages of adoption and has so far been implemented in only a few ministries.

Given the lack of comprehensive data, it is not yet possible to determine how climate spending is distributed geographically within the country. However, participants noted a few patterns based on existing research and their observations. First, funding that could be considered climate-related is spread across various sectors, such as water and agriculture. Second, both rural and urban areas remain underfunded for climate adaptation.

Comparatively, rural areas may receive more climate-specific allocations than urban areas, likely because urban governments are perceived as having greater capacity to generate local revenue and access other funding sources. Finally, a few participants referenced a recent study[2] that found that climate adaptation funding in Tanzania remains highly centralized, with only about 5% of projects transferring most of their funds directly to local governments.

Normative Criteria for Allocation

Participants stressed the importance of frontline communities having agency to prioritize their needs and having direct access to funds. Several observed that projects achieved more meaningful results when local governments had greater decision-making authority, underscoring the role of subnational actors vis-à-vis central government in setting priorities and implementing projects. Funders were also viewed as influential in shaping these dynamics, with the ability to direct resources straight to subnational levels.

The Tanzania Social Action Fund (TASAF) was repeatedly highlighted as a successful mechanism, as it devolves money to villages and allows communities to set priorities and design projects. Some participants described TASAF as the "number one implementer" of climate action for its grassroots approach. However, central government intervention still constrains impact, as national institutions can override local discretion.

[2] Pauline, N., Rogers, P., Mabhuye, E., Sumari, B., Katera, L., Msami, J., Tidemand, P. and Friis-Hansen, E., 2023. Climate change adaptation relevance of Tanzania's national budget and its level of devolution. Copenhagen: Danish Institute for International Studies (DIIS Working Paper, 2023:02).

Barriers to Local Access and Autonomy

Participants highlighted that local governments, though on the frontline of climate risk, have very limited access to climate finance. They rely almost entirely on central government transfers, which are often late, insufficient, and dictated by national priorities. This dependency leaves local governments unable to invest in proactive adaptation, resulting in reactive spending. Although decentralization by devolution is official policy, central government priorities often dominate in practice. Moreover, local revenue is minimal, and communities' voices are often overridden.

Institutional Challenges

Participants described the institutional landscape for climate finance as fragmented and confusing. Overlapping responsibilities between local government functions such as environment and disaster risk reduction lead to duplication, coordination problems, and unclear accountability. Concerns were also raised about reporting practices, as Tanzania maintains multiple reporting streams, for external funders and for domestic use, creating inefficiencies and inconsistencies.

Accountability Challenges

Participants raised concerns that political influence can bias the distribution of funds, prompting questions about where accountability should ultimately lie. Oversight mechanisms at the local level were described as limited, with gaps in knowledge and capacity cited as major barriers. Participants mentioned an initiative by the Dutch development organization SNV to strengthen public accountability as a promising model for improving local oversight. External funders were also viewed as playing a role in enhancing accountability. For example, under TASAF, channeling funds directly to communities helped reduce opportunities for political interference, and dedicated local accounts made resources easier to track.

Power and Influence

External funders emerged as highly influential actors in shaping subnational climate finance outcomes, largely due to their control over funding priorities and reporting requirements. At the community level, religious leaders and other respected local figures also play a decisive role in determining project outcomes. Informal authority structures often operate alongside formal institutions, heavily affecting how projects are implemented and sustained.

Looking Ahead

The roundtable highlighted several gaps and opportunities for future inquiry (Box 1). We invite researchers to take these questions forward to strengthen evidence and inform more effective climate finance in Tanzania.

Box 1. Key Areas for Research

- How are climate projects distributed across regions and sectors?
- What qualifies as climate finance, and how can new and additional resources be distinguished from re-labeled funding?
- How is "need" defined in practice, and do existing allocations align with climate and development priorities?
- What conditions enable or constrain subnational governments to access climate finance, exercise autonomy, and make proactive spending decisions?
- How does decentralization by devolution function in practice and how can it better empower local actors?
- How does political influence shape subnational climate finance allocation, including the role of informal authority structures?
- How do external funders interact with domestic dynamics and influence the subnational allocation of climate finance?

ClimateFiGS is funded primarily by the European Union (ERC, ClimateFiGS, 101117670). We are deeply grateful to all workshop participants for their generous contributions and insights. The analysis and interpretations presented are those of the authors alone and do not necessarily represent the views of the EU, the European Research Council, or any individual participant or institution.