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## Tanzania: Foreign governors?

*Richard Gerster\**

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“Water supply is the number one problem. Our coverage, particularly in rural areas, remains low despite progress made”, said Tanzania’s President Jakaya Kikwete on the occasion of a 2009 New Year’s event. At the same time his government has reduced its own expenses for water for the financial year 2008/09 by 67 percent to some 24 million US dollars (32’863 mio Tsh). This need not be considered contradictory, explains an observer. “Tanzania is fighting with numerous priorities such as schooling, health and agriculture. And the government does not want to have its priorities determined by tied financial contributions by donors.” Indeed, in the same year foreign aid for Tanzania’s water sector increased by a full 63 percent to well over 80 million dollars (113’496 mio Tsh). That is how the government uses free resources from its own income and untied budget support to compensate for highs and lows in specific sectors and regions.



*Switzerland supports the water authorities of the city of Dodoma in their effort to enlarge its disposal network in the different neighbourhoods.*

### **Between adaptation and resistance**

Tanzania has the reputation of being a country highly dependent on foreign aid. The 1,9 billion dollars foreign aid (received in 2007) equals 13 percent of its gross domestic product (GDP) or 39 dollars per head of the population. Foreign aid in-

cludes projects, programmes and direct financial contributions to the state budget. Comparing numbers internationally, however, Tanzania does not belong to the top ten. According to World Bank statistics, Tanzania ranks 20<sup>th</sup> with respect to the share of aid in national income and 40<sup>th</sup> with respect to aid per head of the population. In spite of that the Tanzanian government only disposes of some 110 dollars per person in order to fulfil its tasks. For comparison: In Switzerland in 2007, the federal, cantonal and communal authorities disposed of more than 180 times as much, namely well over 20’000 dollars (23’700 CHF) per inhabitant.

General budget support amounts to some 36 percent (2008/09) of all official development assistance to Tanzania. With 717 million dollars the package for Tanzania is the largest budget support arrangement worldwide. In return the government committed to specific goals and measures in the fight against poverty. In 2007/08 42 percent of the state budget were financed from abroad, whereby the share of budget support constitutes twelve percent (2008/09) and the other 30 percent are targeted programmes and projects handled via the budget. The budget support package is financed by 14 donors, among them eleven countries, and three international organisations. Switzerland contributes some 5,7 million dollars (6,5 mio CHF) per year – less than one percent of the entire package.

In the early 1990ies intense tensions have troubled the relationship between the government of Tanzania and its donors. Finally, the government pulled the emergency brake, stopped the World Bank’s structural adjustment programme and accepted that foreign aid was reduced by one third. Afterwards, in 1994, Tanzania and Denmark set up a group of outstanding personalities under the lead of the world-

famous Canadian economist Gerald K. Helleiner. In its report, the group concluded that the conditions imposed by foreign aid constituted intrusive donor conditionality. However, the report also blemished the “aid dependency syndrome”, the government’s passivity vis-à-vis the donors’ demands and its hesitation when it came to saying no. Based on this report, the Independent Monitoring Group was established which has closely looked at the cooperation climate between government and donors in 2002 and 2005 but has since become dormant.

According to Joe Hanlon, scientist and author of various publications dealing with Southern Africa and international aid, Tanzania’s aspirations for independence are punished by the donors: For years, donor darling Mozambique has been collecting 20 dollars per head more than Tanzania under comparable circumstances and even though aid to Tanzania is increasing, “it remains at two-thirds of aid to Mozambique.” In spite of that Elieshi Lema, Chairperson of the Tanzania Media Fund, assesses that “foreign aid has been flowing abundantly, because we have shown decisiveness with respect to social change. But is this change really taking place?” The discussion around the results achieved in the fight against poverty (see separate article) shows that such self-critical questions are justified.

### ***Dialogue or dictation?***

The opinion that international donors dispose of more influence than local stakeholders is widespread. Exerting influence does not necessarily relate to a dictation by the donors. “Aid dependency means that the government is vulnerable towards foreign interventions. We have noticed remarkable differences in the way the government renders accountability towards the donors compared to its reports to parliament”, says Irenei Kiria, Executive Director of Youth Action Volunteers. The usefulness of informed dialogue is hardly disputed, but it should not take place at the expense of local stakeholders. A core element of budget support is the dialogue relating to the concrete implementation of the fight

against poverty and how the government reaches its set targets. “In the taxpayers’ interest the donors have to be sure that there is value for their money”, says Joseph Semboja, Executive Director of Research on Poverty Alleviation (REPOA), “just in the same manner that banks also ask their client specific questions.” And: “The freedom of choice that comes with budget support is healthy. We think and shape our policies according to our ideas and not those coming from abroad.”



*International cooperation takes place in the crossfire of dependence and sovereignty.*

The foreign governors have more power when it comes to traditional forms of aid. The USA, for example, provide Tanzania with 300 million dollars per year to fight HIV/Aids through the President’s Emergency Plan for AIDS Relief (PEFAR). The health ministry’s budget amounts to some 400 million dollars. “This distorts our priorities and we hardly find people anymore to work on mother and child health”, describes an insider the difficult situation. Semkae Kilonzo, Coordinator of the independent Policy Forum comments: “Seven percent are HIV-positive. Why should we forget 93 percent of the population?” Aid dependency hits home when foreign ideas interfere with national plans.

### ***Division of labour***

While many donors are contributing to the fight against HIV/Aids, other challenges, such as the creation of new jobs, are left aside. This is why the division of labour between 25 bilateral, 22 multilateral and private donors has become an issue in recent years. The government obviously expects

more concrete results than from the now inactive Independent Monitoring Group. The Joint Assistance Strategy for Tanzania (JAST) which is guiding all donors allocates control to the government. This is how the government has made a proposal describing in which sectors it sees which donors in future – a surprise for many! “We realise only now what a lead by the government can mean”, says Yuko Suzuki, responsible for the coordination of aid in Tanzania at the UN Development Programme (UNDP). Opinions from the donors’ capitals, the availability of qualified staff and an understanding of comparative advantages were only marginally considered. Switzerland, for example, is not listed in the health sector, even though it worked at various levels in this field for years. Instead Switzerland has been considered for the creation of new jobs and in the fight against corruption. The discussion has only begun.

It remains unclear whether the government’s proposal has been well prepared and thought out or whether someone from the lower ranks has worked on the dossier and simply launched the discussion. In the JAST three possible roles are foreseen for the donors: lead donor, active donor or delegating donor. The idea of the division of labour is to have no more than five active donors in one field. Switzerland delegating her role in policy dialogue in the wa-

ter sector to the German Technical Cooperation GTZ and the World Bank has been a contribution to moving towards this goal. With respect to HIV/Aids, Switzerland renounces direct support to projects as of 2009, as numerous donors are active in this field and more money than what can be used effectively is available. “Further progress with respect to the division of labour among donors require discussion and agreement from our head offices”, says Jesper Kammersgaard from the Danish cooperation and chair of the budget support group in 2008/09.

### ***Cutting dependencies loose***

The political will to find ways for cutting loose from foreign dependencies is visible. Increasing Tanzania’s own resources stands at the foreground. In the financial year 2008/09 34 percent of Tanzania’s budget were financed by foreign aid – this is eight percent less than in the year before, when the share of aid amounted to 42 percent. In the media documentation accompanying the 2008 annual conference for budget support the government made the following comment: “The decline reflects the commitment by the Government of Tanzania to reduce aid dependency by increasing domestic resource mobilisation.” Medium term financial projections until 2011 continue this trend of more self gen-



*Today's children need education and employment opportunities for tomorrow.*

erated revenues and less foreign aid. An important precondition for this development is the enlarging of the tax basis and a successful economic development. Faced with the current worldwide economic crisis it will not be easy to reach these goals.

Tanzania is also a country with considerable natural resources such as gold and diamonds. However, such resources are, as experience has shown, no guarantee for welfare. This is why the government has joined an international initiative for transparency in mining, the Extractive Industries Transparency Initiative (EITI). However, close ties between Tanzanian personalities and the mining industry and the associated conflicts of interest do not really facilitate its implementation. But transparency of contracts increases the public's pressure on a fair participation of the public authorities and therefore also generates additional income. "Tanzania has abundant resources. We should not be dependent on donors the way we are. If this country is properly run, there is no reason why Tanzania should be an aid receiving country 20 years from now", says Kajubi D. Mukajanga, Executive Secretary of the Media Council of Tanzania (MCT).

"Aid dependency is an issue because civil society is easily moved aside. This changes, if Tanzanians themselves are increasingly demanding accountability from their authorities", says Semkae Kilonzo, Coordinator of the Policy Forum. Benno Ndulu, the central bank's Governor, makes a similar argument: "The fundamental problem of aid is the dual accountability. Donors justify aid towards their taxpayers, and the beneficiaries of aid are our people. Do

Swiss citizens share the same interests as does our electorate? If not, donors may be pushing for policies according to their own agenda which may not respect our democratic processes. Increasing the domestic tax-base means also to strengthen domestic accountability – taxpayers are demanding citizens."

The antidote to foreign dependency is therefore the increase of internal accountability. It is only a small step from this perspective to the insight that "foreign aid is not really the issue. We are the issue. Our plans and their implementation matter. How we use public funds is key, not their origin", says Elieshi Lema, Chairperson of the Tanzania Media Fund. These internal institutions and processes will generally strengthen general budget support which can be used freely.



The authorities are asking for „tax compliance for economic growth“ from their citizens.

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