
Tanzania: The fight against poverty between success and failure

*Richard Gerster**

“You see many more mobile phones in the villages now. This is a good indicator of increasing incomes”, says Rashid Ally Mamu, entrepreneur and chairman of the Central Zone Sunflower Processor Association in the Dodoma region. Growing and processing sunflower seeds into cooking oil is considered to be lucrative thanks to good harvests and high prices. The authorities promote its cultivation by subsidising seeds and sending agricultural extension officers into the villages. In 2008 the government wanted to abolish import duties on crude cooking oil from Malaysia. “This would have robbed our farmers of the local market. Luckily we could convince the government to continue collecting import duties of at least ten percent”, says Rashid Ally Mamu, a man who is constantly on the go.

Disillusioning results

This positive atmosphere in the somewhat poor Dodoma region stands in contrast to

the results of the government Household Budget Survey for the year 2007 covering more than 10'000 households whose results were released in 2008 thanks to Swiss Technical Support. The share of the population living in extreme poverty has been reduced only marginally from 35.7 percent in 2001 to 33.6 percent – even though this means that almost five million people were freed from extreme poverty in absolute numbers during the period 2001 – 2007. However, due to the growth of population the number of poor people living below the national poverty line of 1.1 US dollar per day has at the same time increased by one million. If one is taking the international measure for extreme poverty as a reference, namely 1.25 dollar per day, the share of extremely poor people does not only amount to 33.6 percent but to 56.4 percent. At the same time, the proportion of household money spent on food is decreasing and shows the typical pattern of a growing income basis. The diffusion of



The young salesperson in a neighbourhood shop proudly presents his portable phone.

consumer goods such as mobile phones, bikes and mosquito nets is sharply increasing. Can these be considered to be forerunners of modest but growing prosperity? How can such contradicting messages be reconciled?

The meagre results of the household survey came as a surprise to many, as the income gap between the poor and rich has hardly widened and economic growth of six percent in the past decade has been considerable. "Our expectations have been high. Particularly the consequences of population growth have been underestimated. Each year almost one million people more have to be fed in Tanzania", is the analysis of William Carlos, head of Irish Aid in Tanzania. He advises to compare Tanzania with donor countries. Tanzania's surface is 23 times that of Switzerland and it has five times as many inhabitants. However, with almost 173 billion dollars (200 bn CHF) the Swiss government (national, cantonal and communal) disposes of 33 times as many financial resources for public expenditure as Tanzania (2007/08). And William Carlos pensively adds: "When it comes down to it, us donors have not really understood Tanzania's development barriers."



Bikes are fundamental means of transport, for example for bringing charcoal to the market.

The poor's access to public services shows a mixed picture. In Dar-es-Salaam the share of people with access to drinking water and electricity is decreasing. However, the survey has identified clear progress with respect to education, where attendance of primary school has increased from 56 to 82 percent. "Education is seen as springboard for change", says Elieshi

Lema, Chairperson of the Tanzania Media Fund. "But constructing school buildings is not creating education. What is also needed are teachers and materials such as books. The transitions from primary to secondary schools as well as higher education need to be planned. Many things are not thought out adequately and the quality is suffering." Also the sharply decreased child mortality rate is a success story – not least of all thanks to the mosquito nets (see separate article). The quality of rural medical services, however, leaves much to be desired and the rate of maternal mortality remains at an unacceptable high level.

General budget support

For some years Switzerland – together with a group of 14 countries and multilateral organisations – has directly been co-financing Tanzania's state budget on the basis of "Mkukuta", the country's poverty reduction strategy. In the 2008/09 financial year the donor group complemented Tanzania's own revenues with some 717 million dollars (over 800 mio CHF), thereof some 5,7 million dollars (6,5 mio CHF) from Switzerland. In return the government has committed to undertake reforms and to pursue specific goals in various areas of government operations. There is a constant dialogue between the government and the donors with respect to these goals which are summarised in a performance assessment framework. Thematic working groups as well as an annual conference constitute the main fora of dialogue. In addition to general budget support the donors provide assistance for specific projects and programmes, for example the cultivation and production of sunflower cooking oil. "The effectiveness of budget support depends to a large extent on technical assistance and quality of policy dialogue. It is not just budget support but rather budget support plus", says Rose Aiko from the Swiss co-operation office in Dar-es-Salaam.

Poverty reduction is the main goal of development cooperation. The current poverty reduction strategy Mkukuta started in 2006, so that the household survey can not directly assess its effectiveness as the collection of data covers the years between

2001 and 2007. In the context of budget support it has been tried to distinguish between expenditures serving poverty reduction and those which are not related to Mkukuta. In the 2008/09 budget 68.5 percent of all expenditures served poverty reduction. "The government has walked its talk", says Mustafa Haidi Mkulo, the Minister of Finance at the 2008 annual conference for budget support. This distinction, however, has limited value: On the one hand because the categories are somewhat arbitrary, on the other hand because also expenditures not directly targeted towards poverty reduction can be of great importance. Financing parliamentary procedures, for example, is not a part of Mkukuta expenditures, but no one would challenge their necessity. In order to trace answers to the unresolved challenges of poverty reduction, government and donors should jointly address questions such as the following: Were our expectations (too) high? Were adequate resources available? Has money been wasted? Is the direction of change wrong?

"The opinion that money has not been used appropriately is unfounded", says Joseph Semboja, Executive Director of the REPOA research community. In recent years the government has focused on efforts in the social area rather than production and income. "It takes a lot of time until investments in education and health show results in the population's increased income. The adequate indicator for judging the use of funds is the number of schools rather than increased incomes." And there is no doubt that when it comes to infrastructure, progress has been achieved in recent years. Either way, government expenses for health and education per head have actually tripled between 2001 and 2007. But the distribution of employees in the public service also plays an important role. An analysis of how the government disposed of its expenditures in 2008 examined which districts dispose of how many teachers and health workers. The numbers show a strong relationship with the general economic and social situation: The poorer a region, the less personnel (see separate article). "Human resources deployment is the driver of unequal resource allocation, not the reverse", is one of the report's

statements. That is how the government aggravates the disparity and relative poverty – against its declared policies to equalise inequalities.

What now?

A discussion about what needs to be corrected with respect to the path taken has started. "For us in the civil society the modest reduction in poverty has come as no surprise. We've seen it coming for a long time. Economic growth does not lead to general prosperity. What is needed is a change of paradigm in economic policies", says Rakesh Rajani, Head of the citizens' initiative "Twaweza". How can broader access for the poor to basic government services be facilitated? What needs to be done in order for economic growth to have stronger effects on poverty reduction? How can budget support strengthen this re-orientation?



Not chance and luck, but capability should show the way out of poverty.

Agriculture is the lifeline for a large majority of the population. Almost 70 percent of the population derives their livelihood from it. Economically, however, only every 25 cents in each shilling of the national income on Tanzania's mainland originates from agriculture. But in the 2008/09 budget only four percent of the national expenses were destined for this sector. Promoting agriculture should be weighed higher and not only left to the market or even be influenced by other measures. "We're importing mango juice from Saudi Arabia, where mangos do not grow naturally, while they are plentiful here." And: "We are not in a position to de-

liver corn from regions with a surplus to those showing deficits and instead prohibit exports. By doing so we deny the farmers producing surpluses their well earned additional income”, says the activist Semkae Kilonzo. A valorisation of agriculture can also be included in the performance indicators which the government wants to meet for budget support.

This is why not only more money, but also a new start is needed in order to increase the productivity of millions of small farmers who still farm by hand in the traditional manner. So far only a tenth of all fields which could be irrigated are also used intensively. The transition from a state run to a market economy is not yet finished. Private initiative originates in a changed attitude such as no longer expecting everything from the government but rather become active oneself. The Rural Livelihoods Development Company (RLDC) which receives funding from Switzerland is providing important impulses in this direction in the Dodoma region. The two Swiss organisations Swisscontact and Intercooperation want to lead RLDC towards success. The cultivation of sunflowers and production of cooking oil mentioned at the beginning as well as the production of biological cotton, growing sesame or the promotion of cattle breeding are promising programmes to strengthen the farmers’ and small entrepreneurs’ income and self confidence. At

the same time general budget support is improving the wider context and the business climate in Tanzania in order for one’s own initiative to develop more easily.



Maize is staple food – the large market of Kibaigwa provides supplies for large areas of the country.

“You cannot do development. But I am a big believer in transparency and independent evaluations to facilitate the citizens’ demand for government accountability”, says Rakesh Rajani. In this sense he considers the support for the media fund for independent journalism to be “one of the best steps of Swiss Cooperation” (see separate article). Good governance needs to be complemented by targeted measures in favour of the poor. This includes public services which need to function also in remote regions in order to balance unequal life chances effectively.

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